

Don R. Scheidt & Co., Inc.  
2 Executive Drive, Suite C  
Lafayette, Indiana 47905  
Phone: 765-447-1075



# Purdue Student Housing Expense and Capitalization Rate Market Study

Focused on those properties within walking distance to Purdue University  
West Lafayette, Tippecanoe County, Indiana 47906

Prepared at the request of:

Eric Grossman  
Tippecanoe County Assessor  
20 N 3rd Street  
Lafayette, IN 47901

February 3, 2023



February 3, 2023

Eric Grossman  
Tippecanoe County Assessor  
20 N 3rd Street  
Lafayette, IN 47901

**Re: Purdue Student Housing Expense and Capitalization Rate Market Study:** A market study on expenses and capitalization rates focused on those properties within walking distance to Purdue University, West Lafayette, Tippecanoe County, Indiana 47906.

Dear Mr. Grossman,

In accordance with your request, we have analyzed the above referenced market, and we carefully examined those factors considered pertinent in arriving at the conclusions contained herein.

The market study is subject to the Assumptions and Limiting Conditions included within. This narrative report is prepared in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, the Standards of Professional Practice and Code of Professional Ethics of the Appraisal Institute, as well as the requirements of the Tippecanoe County Assessor. This report may not be used or relied upon by anyone other than the intended user.

The subject market was personally investigated by Evan Fife on December 21, 2022 with research taking place from December 2022 to January 2023. The effective date of the market conclusions herein is as of the Retrospective date of January 1, 2023, and the conclusions of this analysis are reported as of February 3, 2023. Please refer to the final section of this report for the presentation of expenses, capitalization rates, and reconciliation of market norms.

We invite your attention to the following market study report, which forms the basis of our conclusions. Should you have any questions regarding the proceeding analysis, please do not hesitate to contact us.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Evan Fife', is positioned above the typed name.

Evan Fife  
Real Property Analyst  
Don R. Scheidt & Co., Inc.  
Indiana Certified General Appraiser  
License #CG41600018 (exp. June 30, 2024)  
Inspected the subject (exterior only)

A handwritten signature in black ink, appearing to read 'York Pollert', is positioned above the typed name.

York Pollert, MAI  
Principal, Director of Lafayette Operations  
Don R. Scheidt & Co., Inc.  
Indiana Certified General Appraiser  
License #CG41001287 (exp. June 30, 2024)  
Did not inspect the subject

**Don R. Scheidt & Company, Inc.**

6201 Corporate Drive, Suite 150, Indianapolis, Indiana 46278-2902 / (317) 631-8478  
2 Executive Drive, Suite C, Lafayette, Indiana 47905-4878 / (765) 447-1075  
2204 Illinois Avenue, Columbus, Indiana 47201-7012 / (812) 372-8478  
[www.donrscheidt.com](http://www.donrscheidt.com)



Representative Tier 1B development



Representative Tier 2 development



Representative Tier 3 development



Representative Tier 4 development

## PURDUE STUDENT HOUSING EXPENSE AND CAPITALIZATION RATE MARKET STUDY

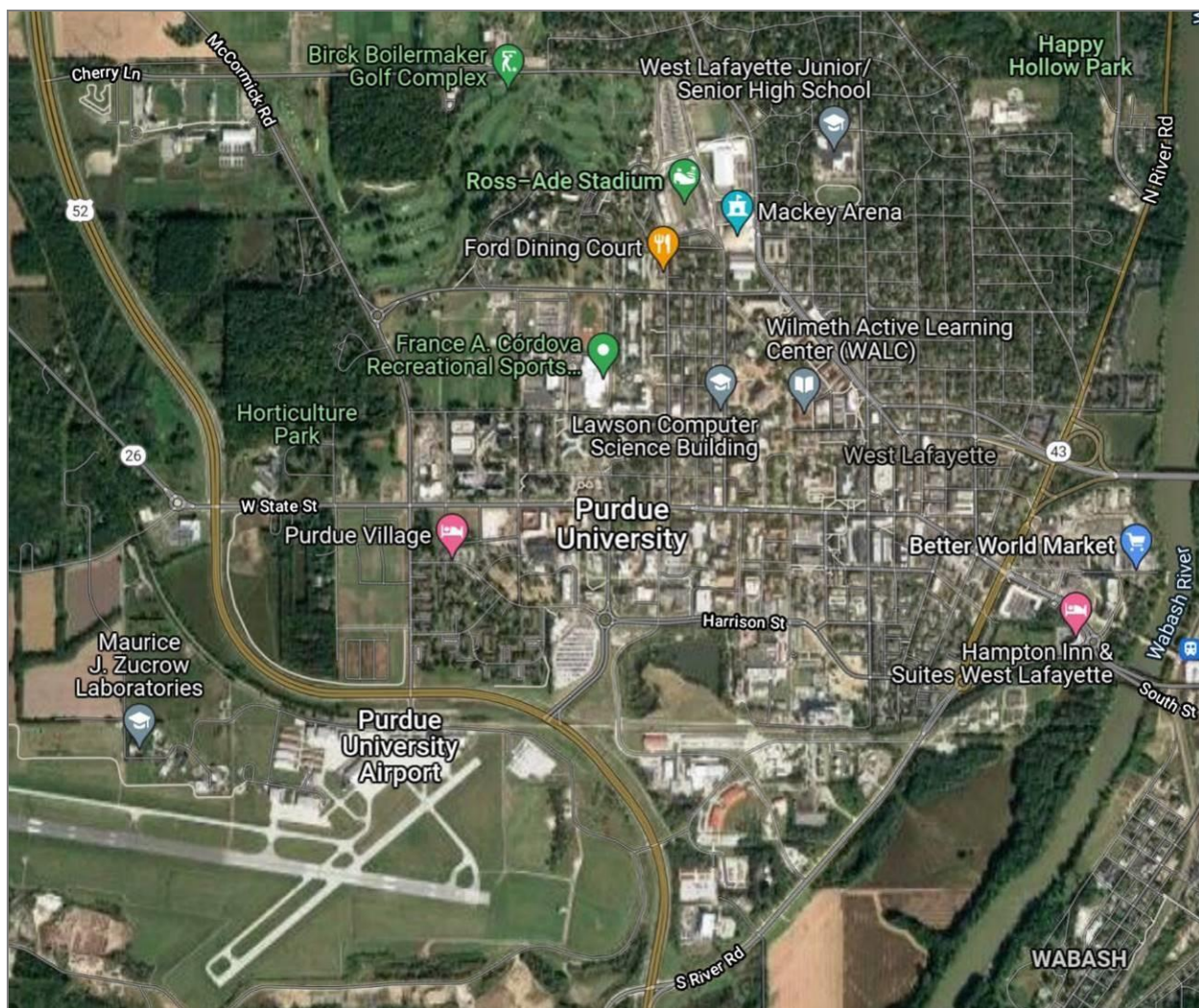
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West Lafayette, Tippecanoe County, Indiana 47906

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## PRIMARY MARKET AREA LOCATION MAP



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## EXECUTIVE SUMMARY

**Subject Identification and Location:** The subject of this market study is focused on student-oriented apartments located within walking distance to Purdue University, West Lafayette, Tippecanoe County, Indiana 47906.

**Description of Typical Improvements:** The typical improvements that are the focus of this study are student-oriented multi-family buildings separated into four tiers (with one split tier). The tiers will be further detailed later in this report but are generally described as shown below.

| Tier | Description                       | Year Built      | # of Units | Example               |
|------|-----------------------------------|-----------------|------------|-----------------------|
| 1A   | Premium high rise complexes       | 2018 - present  | 200+       | The Rise on Chauncey  |
| 1B   | High-end, non-high rise complexes | 2010s - present | 50+        | Hi ViNE               |
| 2    | Slightly dated complexes          | 1990s - 2000s   | 20-50      | State Street Towers   |
| 3    | Dated, deficient complexes        | 1970s - 1980s   | 10-30      | Southfork Apartments  |
| 4    | Converted multi-unit rentals      | Early 1900s     | 2-10       | 427 N Chauncey Avenue |

It should be noted that the descriptions above are intended to reflect the typical improvements of each tier and are not defined to be strict criteria.

**Intended Use:** Research purposes in conjunction with maintaining accurate assessment models

**Intended User:** Tippecanoe County Assessor

**Date of the Report:** February 3, 2023

**Effective Date of Conclusions:** January 1, 2023

**Date of Market Area Inspection:** December 21, 2022

## CRITICAL ANALYSIS ISSUE(S)

- Many market participants were contacted in the collection of data, but it is noted that some participants either could not be contacted despite numerous phone calls and attempted in-person meetings, some participants provide no or limited information, and some data received conflicts with data from other sources including our in-house files. It is therefore explicitly stated that the expense and capitalization rate data presented herein was collected and verified to the best of our abilities and is adequate to meet the intended use of the market study, but is not intended to be a reflection of perfect and complete data in the marketplace.
- Related to above, data on Tier 1A developments such as The Rise on Chauncey and Hub on Campus could not be obtained. It was understood in the engagement with the client that we would make our best attempt to gather this data but given the close-guarded nature of this data for such properties within the marketplace, this was ultimately not possible. Therefore, Tier 1A is described herein but no data or analyses are presented.

## MARKET IDENTIFICATION AND LOCATION

The subject of this market study is focused on student-oriented apartments within walking distance to the Purdue University campus. The Primary Market Area of this study is therefore defined as the Purdue University campus and surrounding areas within walking distance. Given the limits of certain available data in the Primary Market Area, research was expanded to a Secondary Market Area defined as areas not within walking distance to the Purdue campus as well as other college campuses located throughout the Midwest, which are considered to provide credible support to the analyses herein.

## SCOPE OF WORK

Don R. Scheidt & Company, Inc. was requested by Eric Grossman, Tippecanoe County Assessor, to provide a market study on expenses and capitalization rates focused on student-oriented apartments within walking distance to the Purdue University campus.

The scope of this market study includes the following:

1. Defining the four tiers of student housing
2. Research of expense comparables and capitalization rate comparables via in-house documentation, correspondence with market participants, and other appropriate documentation
3. The organization of this information along the defined tiers of student housing and the reconciliation of appropriate expense and capitalization rate market norms

In preparing this market study, data was gathered from numerous sources including, but not limited to:

1. Local and regional real estate market participants such as brokers, property owners, buyers/sellers, property managers, and appraisers
2. Brokerage websites for information on current listings of properties for sale or lease and recent closed transactions
3. Indiana Real Estate Data (IRED) online database
4. Local government offices including (but not limited to) the Tippecanoe County Assessor's office and West Lafayette governmental offices

As discussed in Critical Analysis Issue #1, many market participants were contacted in the collection of data, but it is noted that some participants either could not be contacted despite numerous phone calls and attempted in-person meetings, some participants provide no or limited information, and some data received conflicts with data from other sources including our in-house files. It is therefore explicitly stated that the expense and capitalization rate data presented herein was collected and verified to the best of our abilities and is adequate to meet the intended use of the market study, but is not intended to be a reflection of perfect and complete data in the marketplace.

## INTENDED USE AND USER AND CLIENT OF THE REPORT

The intended use of this market study is for research purposes in conjunction with maintaining accurate assessment models for the Tippecanoe County Assessor. The study will present expense and capitalization rate data on properties from each of the four tiers followed by reconciliation of individual expense and capitalization rate market norms for each tier. The client and intended user of this appraisal is the Tippecanoe County Assessor.

**PERTINENT DATES**

The pertinent dates regarding this market study are summarized below.

| Premise                                     | Dates             |
|---|-------------------|
| Retrospective Effective Date of Conclusions | January 1, 2023   |
| Date of Market Area Investigation           | December 21, 2022 |
| Date of the Report                          | February 3, 2023  |

**DEFINITION OF MARKET STUDY**

A **market study** is “an analysis of the market conditions of supply, demand and pricing for a specific property type in a specific area.” (*The Dictionary of Real Estate Appraisal*, 6<sup>th</sup> Edition, Appraisal Institute, 2015, Page 140).



## REGION ANALYSIS

The subject market is located in the City of West Lafayette in Tippecanoe County's Wabash Township. Tippecanoe County is in central northwestern Indiana. Based upon the economic, governmental, social, and environmental factors influencing value, Tippecanoe County, particularly the cities of Lafayette and West Lafayette, is believed to be the focal point of the local market. The factors of the region influencing the marketability of the subject property are summarized below.

### Social and Demographics

Lafayette and West Lafayette are classified as Class II Cities, under Indiana law, a classification by population.

The population of the City of Lafayette grew by 59% over the 50-year period from 1950 to 2000. The population of Lafayette declined between 1970 and 1990. This is attributed to the limited physical city boundaries and the trend for suburban sprawl. The 2000 census figure represents a 14% increase in the Lafayette population since 1990 due to annexations, which occurred mostly along the southern and eastern boundaries of the Lafayette city limits.

The recent annexation by West Lafayette has significantly changed the demographic numbers shown below. The annexation, which was finalized in February 2014, added an estimated 12,000 residents to the city, which qualified the city for Class II status, increasing grant and funding options. Officially, West Lafayette changed from Class III to Class II City in November 2014. The actual population of West Lafayette increased to 42,010 residents, according to the U.S. Census Bureau.

#### Population Trends

| Years            | Lafayette | West Lafayette | Tippecanoe County |
|------------------|-----------|----------------|-------------------|
| 1990             | 49,520    | 27,652         | 130,598           |
| 2000             | 63,140    | 28,778         | 148,955           |
| 2010             | 69,113    | 42,490         | 172,780           |
| 2020             | 70,783    | 44,595         | 186,251           |
| 2022 (estimated) | 70,654    | 46,081         | 188,904           |
| 2027 (projected) | 70,517    | 46,933         | 192,231           |

Source: U.S. Census and ESRI

The most recent population for Lafayette from the 2020 census is 70,783, which is a 2.4% increase from 2010. Tippecanoe County has also shown steady growth since 1990, with the most recent census revealing a 7.8% growth over 10 years. The current estimates and projections show continued growth into the future.

Another indicator of the growth and scope of the region is household demographics. The 1990, 2000, 2010, and 2020 Census counts are presented in the following table along with 2022 estimates and 2027 projections.

#### Households

| Year             | Lafayette | % Change | West Lafayette | % Change | Tippecanoe County | % Change |
|------------------|-----------|----------|----------------|----------|-------------------|----------|
| 1990             | 20,396    | -        | 9,153          | -        | 45,618            | -        |
| 2000             | 26,903    | +31.9%   | 12,568         | +37.3%   | 55,226            | +21.1%   |
| 2010             | 29,515    | +9.7%    | 13,495         | +7.4%    | 65,532            | +18.7%   |
| 2020             | 30,920    | +4.8%    | 14,281         | +5.8%    | 71,651            | +9.3%    |
| 2022 (estimated) | 30,930    | +0.03%   | 14,891         | +4.3%    | 72,818            | +1.6%    |
| 2027 (projected) | 30,945    | +0.05%   | 15,297         | +2.7%    | 74,301            | +2.0%    |

Source: U.S. Census and ESRI

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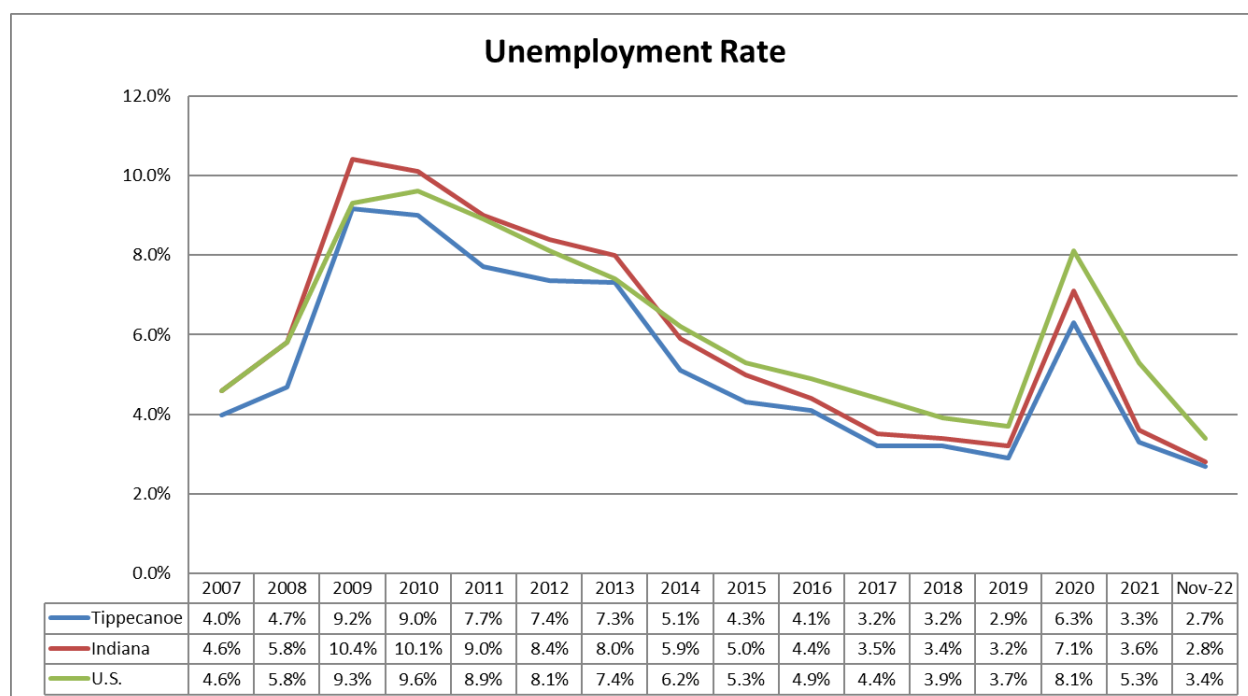
As is illustrated by the previous table, the number of households in Lafayette has increased steadily since 1990. A portion of the increases in Lafayette and West Lafayette are attributable to annexation of suburban areas into the city. Similarly, the County has also seen steady household growth.

The average household size has been steadily decreasing over the last few decades in Tippecanoe County, indicating smaller family units. According to the 2010 estimates, the median age of persons in Tippecanoe County is 29.1 years, the median age of persons in Lafayette is 33.4, and the median age of persons in West Lafayette is 23.7 years. The relatively young characteristic of the region is due in part to the influence of Purdue University that attracts young adults for continuing education, teaching positions, etc. Based on statistics from the CCIM STDB, approximately 45.0% of the county's households are occupied by renters.

The strong growth of Tippecanoe County is attributable to a number of factors including good transportation systems, a diversified employment base, an educated workforce, and the presence of a major state educational institution, Purdue University. As a result of these factors, there is a high quality of living.

### Economic

The Greater Lafayette region has a diversified employment base including a strong industrial and agricultural sector, combined with the strength and stability of Purdue University, the region's largest employer with approximately 16,925 employees. Stability for the region is also maintained through diversity. Historically, Tippecanoe County has had one of the lowest unemployment rates in the state. The following table and graph show the unemployment profile for Tippecanoe County as compared to Indiana and the United States.



As shown in the table above, unemployment increased from 2008 through 2010. Despite this, unemployment in Tippecanoe County has consistently remained below the U.S. average through 2019. Data from 2011 through 2019 suggested a downward trend in unemployment.

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Unemployment rates spiked in 2020 due to the COVID-19 pandemic but have since recovered to pre-pandemic rates.

The industry base located in the Lafayette-West Lafayette area is fairly broad and strong for a metropolitan area of its size. The recently published SMARTASSET 2022 Edition of Best Places for Career Opportunities ranks the Lafayette-West Lafayette as the best place in the nation for career opportunity. The study compiled data of the largest 200 metro areas across nine metrics. According to the same publication, Lafayette-West Lafayette has the eighth-highest income growth between professionals aged 25 to 44 and those aged 45 to 64, at almost 25%.

Companies with major facilities in Lafayette include Subaru of Indiana Automotive, ALCOA (now Arconic), Evonik Degussa, Wabash National, Tate & Lyle, Caterpillar, Nanshan and GE Aviation.

Some significant job-related announcements in recent years include:

SkyWater Technology announced in summer of 2022 plans to build a 600,000 SF production facility in West Lafayette. The \$1.8 billion semiconductor R&D facility is expected to create 750 jobs over the next 5 years. The construction is dependent upon the passage of the CHIPS act that is meant to provide federal funding for these types of facilities.

The Rolls-Royce research and development facility is located at the corner of State Street and US 231. It was announced in April 2022 that the partnership between Rolls-Royce and Purdue University will culminate in a \$204 million project investment that will further develop three buildings in Purdue Discovery Park District and will bring 30 full-time positions while retaining 15 current jobs in West Lafayette.

Saab invested \$50 million and will employ up to 300 by 2027 at the new facility in Purdue's Aerospace District. The new facility had its grand opening on October 13, 2021, and at the time of opening already employed 60 people with 50% being Purdue alumni. Saab will make aft airframe section for the T-7A Red Hawk trainer program for the next generation of fighter and bomber pilots.

SIA, already the largest manufacturing employer in Tippecanoe County, has previously expanded its operations in Lafayette which added a significant number of workers. According to a February 2020 announcement, SIA plans to expand again with a \$158 million investment, which will add a new service parts facility and transmission assembly shop. The plant currently makes Subaru Outback, Subaru Legacy, and in 2016 added Subaru Impreza. The production of Toyota Camry ended in May of 2016. The production of a new vehicle the 'Ascent' began in May of 2018. This is an eight-passenger SUV built after the investment of \$140 million in the plant expansion.

The Lafayette plant is one of three Subaru production facilities worldwide, and the only one located outside Japan. Such a major expansion and increase of work force is expected to impact all sectors of real estate in the subject region, but in particular is expected to spur growth in the industrial sector regarding manufacturing (part suppliers) and warehousing not only in the subject region but within the State of Indiana and beyond. Mr. Tom Easterday, former Executive Vice President of SIA stated during his televised interview that "every job created in the automotive industry creates ten more jobs". This statement further underlines the tremendous impact of the recent expansion.

Wabash National announced on September 15, 2021 plans to invest \$70 million in their two local facilities in the next 10 years and adding 75 new jobs.

The Schweitzer Engineering Laboratories building was constructed at the northwest corner of US 231 and State Street. The facility is 100,000 SF and plans to employ 300.

Caterpillar, one of the largest manufacturing employers in the region announced in May 2018 its \$73.6 million investment in machinery, technology and software.

The \$50 million Indiana Manufacturing Institute in the Purdue Research Park has been completed and is dedicated to researching carbon fiber composites and making lightweight, energy saving materials more available in major industries.

GE Aviation constructed a \$93 million manufacturing facility in Park 350 in Lafayette. This 225,000 SF facility is the final assembly plant for GE Aviation's new LEAP engines. Indiana Economic Development Committee Board Member Robert Taylor called the project an "early phase of what could be more to come," indicating that expansion and additional jobs in this facility are likely in the future. As a new industry in the Greater Lafayette area, this manufacturing facility could add demand in a number of other areas such as supplier, warehousing, and service industries. Some of these new jobs have materialized before the plant is even opened. In January 2015 it was announced that engine maintenance services would be brought to the new plant along with an additional \$15 million investment in the facility and an additional 30 jobs.

Major employers located in the Lafayette/West Lafayette area include:

| <b>Manufacturing Employer</b>   | <b># Of Workers</b> | <b>Non-Manufacturing Employer</b> | <b># Of Workers</b> |
|---------------------------------|---------------------|-----------------------------------|---------------------|
| Subaru of Indiana Automotive    | 5,600               | Purdue University                 | 16,512*             |
| Wabash National Corporation     | 3,200               | Franciscan Health Lafayette       | 2,100*              |
| Caterpillar Tractor Corporation | 1,800               | Indiana University Arnett Health  | 1,783*              |
| Dana Fairfield                  | 765                 | Tippecanoe School Corporation     | 1,015*              |
| Arconic / Lafayette Operations  | 723                 | Lafayette School Corporation      | 1,250*              |
| Evonik Degussa Tippecanoe Labs  | 655*                | Wal-Mart                          | 700*                |
| Lafayette Interior Fashions     | 650*                | Tippecanoe County Government      | 700*                |
| Heartland Automotive            | 557*                | State Farm Insurance              | 700*                |
| Tate & Lyle                     | 500*                | City of Lafayette                 | 629*                |
| Kirby Risk                      | 240*                | Ivy Tech Community College        | 550*                |

Sources: <https://greaterlafayetteind.com/industries-and-employers/> \*other

### Multi-family Residential

The supply of multifamily developments continues to grow based on building permits obtained from the Tippecanoe County Area Plan Commission. The table shows new multifamily building permits in the different municipalities since 2003:

| <b>Year</b> | <b>Lafayette</b> | <b>W. Lafayette</b> | <b>Tippecanoe Co.</b> | <b>Total</b> |
|-------------|------------------|---------------------|-----------------------|--------------|
| 2003        | 276              | 55                  | 201                   | <b>532</b>   |
| 2004        | 57               | 42                  | 60                    | <b>159</b>   |
| 2005        | 10               | 11                  | 124                   | <b>145</b>   |
| 2006        | 0                | 156                 | 19                    | <b>175</b>   |
| 2007        | 8                | 31                  | 216                   | <b>255</b>   |
| 2008        | 34               | 17                  | 80                    | <b>131</b>   |
| 2009        | 0                | 0                   | 4                     | <b>4</b>     |
| 2010        | 114              | 4                   | 16                    | <b>134</b>   |
| 2011        | 2                | 158                 | 235                   | <b>395</b>   |
| 2012        | 0                | 143                 | 32                    | <b>175</b>   |

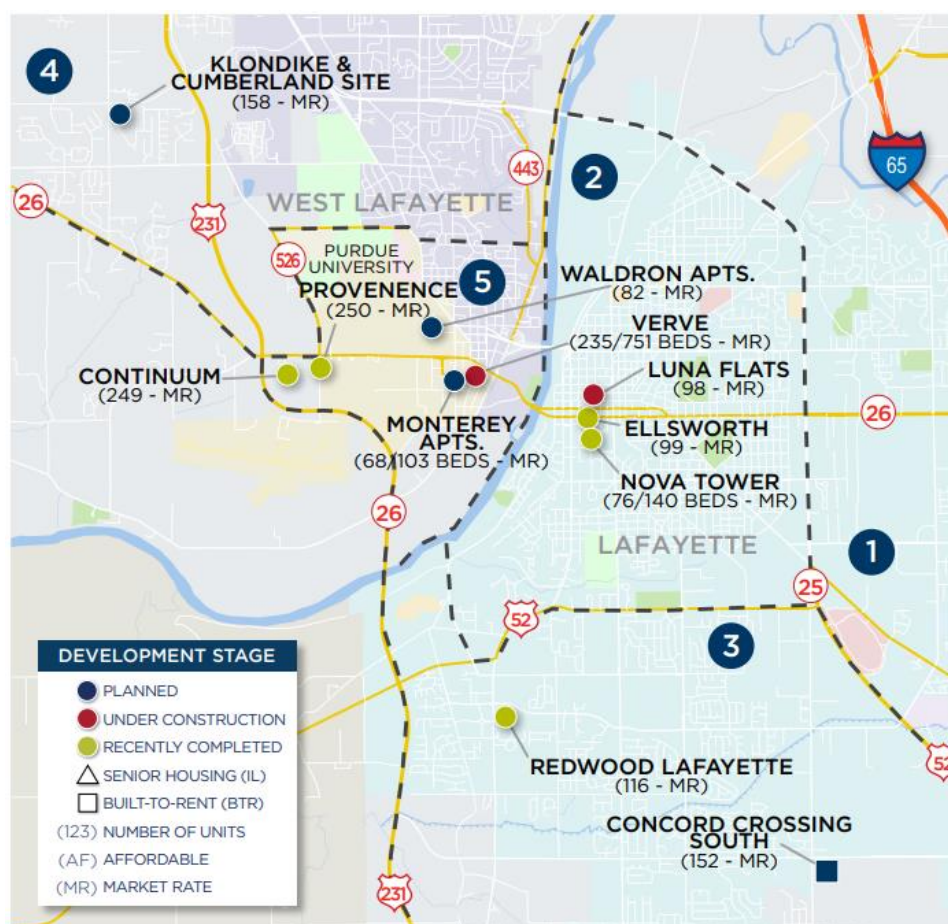
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|                |              |              |              |              |
|----------------|--------------|--------------|--------------|--------------|
| 2013           | 32           | 285          | 116          | 433          |
| 2014           | 82           | 270          | 100          | 452          |
| 2015           | 24           | 36           | 0            | 60           |
| 2016           | 443          | 80           | 0            | 523          |
| 2017           | 211          | 362          | 16           | 589          |
| 2018           | 220          | 1100         | 136          | 1,456        |
| 2019           | 320          | 501          | 12           | 833          |
| 2020           | 323          | 303          | 207          | 833          |
| 2021           | 502          | 118          | 0            | 620          |
| 2022           | 417          | 235          | 240          | 892          |
| <b>Totals:</b> | <b>3,075</b> | <b>3,907</b> | <b>1,814</b> | <b>8,796</b> |

The table shows that a total of 8,796 units have been added (with some under construction) to the Greater Lafayette market since 2003. The West Lafayette market has added the most units over that time, due to the demand for student housing. The year 2018 had 1,456 building permits issued, which was a significant increase from 2017's record year.

The following map compiled by Cushman & Wakefield shows multi-family activity within the region.



Source: Cushman & Wakefield, 2022 Indiana Apartment Market

A large influx of units has taken place in recent years, with the map above showing additional large-scale projects planned or under construction. This has caused the occupancy in the Greater Lafayette region to fluctuate.

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Tikijian Associates *Lafayette/West Lafayette Market Statistics for 2005-2018* and *Cushman & Wakefield 2019 to 2022 Indiana Apartment Market* summarize historical vacancy information for Greater Lafayette. The most recent 2022 survey includes 91 properties with 15,141 units. The following table summarizes vacancy information for the Greater Lafayette area.

| MULTIFAMILY VACANCY RATES – BY SUBMARKET |                                       |                        |                            |
|--|---------------------------------------|------------------------|----------------------------|
| Year                                     | Lafayette                             | West Lafayette         | Lafayette & West Lafayette |
| 2022                                     | 1.3% East / 1.8% Central / 1.8% South | 1.3% WL / 1.8% Campus  | 1.5%                       |
| 2021                                     | 2.4% East / 2.6% Central / 3.8% South | 11.4% WL / 3.3% Campus | 5.7%                       |
| 2020                                     | 5.9% East / 5.5% Central / 6.3% South | 10.2% WL / 6.9% Campus | 7.5%                       |
| 2019                                     | 3.1% East / 2.9% Central / 3.7% South | 3.8% WL / 3.9% Campus  | 3.6%                       |
| 2018                                     | 5.3% East / 3.2% Central / 4.2% South | 3.1% WL / 3.3% campus  | 3.9%                       |
| 2017                                     | 4.8%                                  | 3.5%                   | 4.2%                       |
| 2016                                     | 4.9%                                  | 6.2%                   | 5.5%                       |
| 2015                                     | 4.7%                                  | 7.4%                   | 5.9%                       |
| 2014                                     | 5.7%                                  | 7.8%                   | 6.7%                       |
| 2013                                     | 5.3%                                  | 9.1%                   | 7.2%                       |
| 2012                                     | 6.5%                                  | 7.8%                   | 7.1%                       |
| 2011                                     | 8.3%                                  | 5.8%                   | 7.1%                       |
| 2010                                     | 7.3%                                  | 6.8%                   | 7.1%                       |
| 2009                                     | 9.7%                                  | 11.9%                  | 10.7%                      |
| 2008                                     | 8.2%                                  | 5.7%                   | 7.0%                       |
| 2007                                     | 8.3%                                  | 5.8%                   | 7.1%                       |
| 2006                                     | 10.7%                                 | 5.8%                   | 8.4%                       |
| 2005                                     | 10.7%                                 | 5.8%                   | 8.3%                       |

As shown, vacancy levels were on a generally declining trend from the early 2010s to 2019. The vast influx of units such as the three campus high rises paired with the pandemic necessitating remote education for Purdue students caused the vacancy levels to rise in 2020 and likely the first half of 2021. However, as can be seen, vacancy levels hit record lows in 2022. All submarkets have hit vacancy levels below 2% in 2022, indicating that demand has outpaced the mass influx of supply and there is still a supply shortage in the multi-family sector throughout the region.

### Purdue University

Founded in 1869 and now one of America's 25 largest universities, Purdue University greatly enhances the economic stability of the Lafayette/West Lafayette region. Purdue boasts an enrollment of approximately 65,000 students across the state of Indiana. The main campus in West Lafayette offers schools in agriculture, consumer and family sciences, education, engineering, liberal arts, management, pharmacy, nursing, and health sciences, science, technology, and veterinary medicine. The most recent enrollment for fall 2022 set a new record at 50,884 students, which tops the previous record of 49,639 students enrolled in fall 2021 by 2.5%. The enrollment in fall 2017 was 41,573, and each ensuing year set a new record. The enrollment increase since the fall of 2017 is 22.4%. These numbers include both undergraduate and graduate students. The trend is very impressive, but a question remains for how long such trend could be sustained.

Purdue is a well-diversified state university. Purdue is now contracting with many private enterprises; an effort led by greater research activity. The continuing national recognition of high-quality programs at Purdue is further evidence for the continued economic growth of the university.

In addition to the educational services that Purdue University supplies to Lafayette, its status as a Big Ten University greatly benefits the Lafayette region from a tourism standpoint. Visitors are drawn to Lafayette for homecomings, sporting events, the arts, and to spend time with the student base. This draw assists in

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supporting many local retail establishments, especially in the hotel and restaurant industries. Another aspect of the University is the Purdue Research Foundation, which represents one of the area's largest landowners. This organization provides financial support for the University and participates in residential development and management of the Purdue Research Park. The 725-acre park has more than 50 buildings with over 3,200 employees and 327,000 SF of business incubation space. An average wage for startup companies is in excess of \$63,000 annually. The third phase of the park encompasses approximately 400 acres north of Kalberer Road.

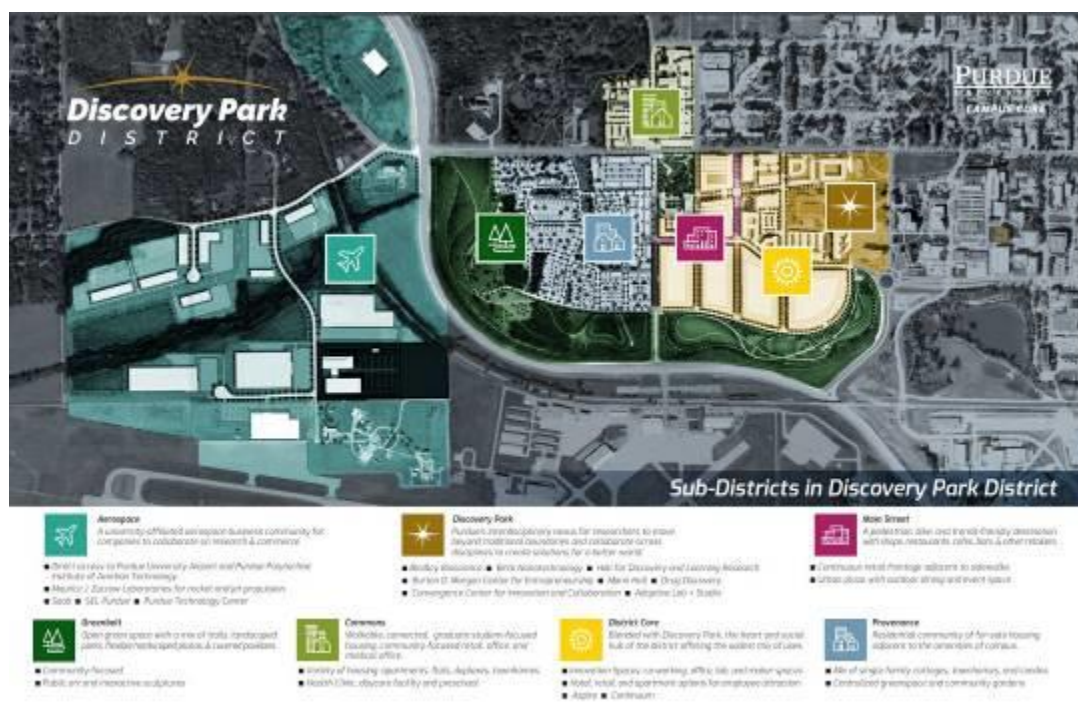
The newest and fifth research park (Aerospace District) in the network of Purdue Research Parks has been established on 980 acres by the Purdue University Airport and includes the airport. The district has already been named an Indiana Certified Technology Park and is available for new R&D facilities related to advance aerospace technology and innovation.

A \$1.2 billion, 400-acre initiative of Discovery Park District (initially known as Purdue Innovation District) was approved by Trustees in 2016 to develop several millions of square feet in buildings on the western end of the campus in the partnership between Purdue Research Foundation and Browning Investments LLC, to create office, business, industrial and research facilities in addition to a hotel with conference center, retail, and residential component within the next 15-20 years. For the next few years, development will center on the State Street corridor, focusing on office space and housing. The Aspire mixed-use development was the first project inclusive of housing in this proposal and is followed by Continuum and Provenance. Provenance is a mixed-use subdivision along Airport Road and State Street that includes a mix of single-family detached houses, townhomes, apartments, and light retail. Future phases may include a senior residential development, daycare, and an elementary school.

In July 2022, SkyWater Technology announced plans to build a \$1.8 billion semiconductor R&D and production facility in West Lafayette. The 600,000 SF plant will be located in the Discovery Park District. The facility will include 100,000 SF of cleanroom space. The project is expected to create 750 jobs over five years. A timeline for the start of construction is not yet available; however, once construction has started, it will take about 36 months to begin production.

The Rolls-Royce research and development facility is located at the corner of State Street and US 231. It was announced in April 2022 that the partnership between Rolls-Royce and Purdue University will culminate in a \$204 million project investment that will further develop three buildings in Purdue Discovery Park District and will bring 30 full-time positions while retaining 15 current jobs in West Lafayette.

Another recent addition in that area is the Schweitzer Engineering Laboratories building at the northwest corner of US 231 and State Street. Saab, an aerospace-related industry, completed the manufacturing plant at a cost of \$50 million and will add 300 jobs to the area by 2027. At the time of the grand opening in October 2021, Saab already employed 60 people.



Source: Purdue <http://discoveryparkdistrict.com/the-district/>

The fundraising efforts of the Purdue University officials have led to many large construction projects around the West Lafayette campus. From 2004 to 2022 more than 70 buildings have been completed at a cost close to \$2 billion.

Two student housing complexes, the 570-bed Griffith Residence Hall and 730-bed Meredith Residence Hall South opened for the fall 2020 semester. Other recent and proposed significant Purdue University projects are summarized below.

| Name  | Type             | Cost           | Occupancy Date |
|---|------------------|----------------|----------------|
| Purdue Memorial Union Ground Floor Renovation                       | Renovations      | \$47.3 million | December 2021  |
| David and Bonnie Brunner Veterinary Medical Hospital Complex        | New construction | \$108 million  | March 2022     |
| Marc and Sharon Hagle Hall  | New construction | \$22 million   | July 2022      |
| Dudley Hall and Lambertus Hall                                      | New construction | \$140 million  | December 2022  |
| Hypersonic and Applied Research Facility                            | New construction | \$41 million   | April 2023     |
| Ross-Ade Stadium Renovation   | Renovations      | \$45.4 million | September 2023 |
| Whistler Hall of Agricultural Research Mechanical System Renovation | Renovations      | \$12.5 million | December 2023  |
| Libraries Study Space Renovations                                   | Renovations      | \$10 million   | January 2024   |
| Purdue Memorial Union Second Floor Hospitality Renovations          | Renovations      | \$6.3 million  | June 2024      |
| Max W. and Maileen Brown Family Hall First Floor Renovation         | Renovations      | \$14.5 million | July 2024      |
| Schleman Hall, Stewart Center, and Related Renovations              | Renovations      | \$52.8 million | August 2024    |
| Zucrow High-Speed Propulsion Lab                                    | New construction | \$73 million   | January 2025   |
| Life Science Ranges Phenotyping Greenhouse Building                 | New construction | \$20 million   | March 2025     |
| University Hall and Related Renovations                             | Renovations      | \$46.6 million | August 2026    |

The projects above total more than \$600 million in investment.

In summary, the current market conditions and employment statistics in the subject region and massive investments underway at the Purdue University Campus have a very positive impact on the West

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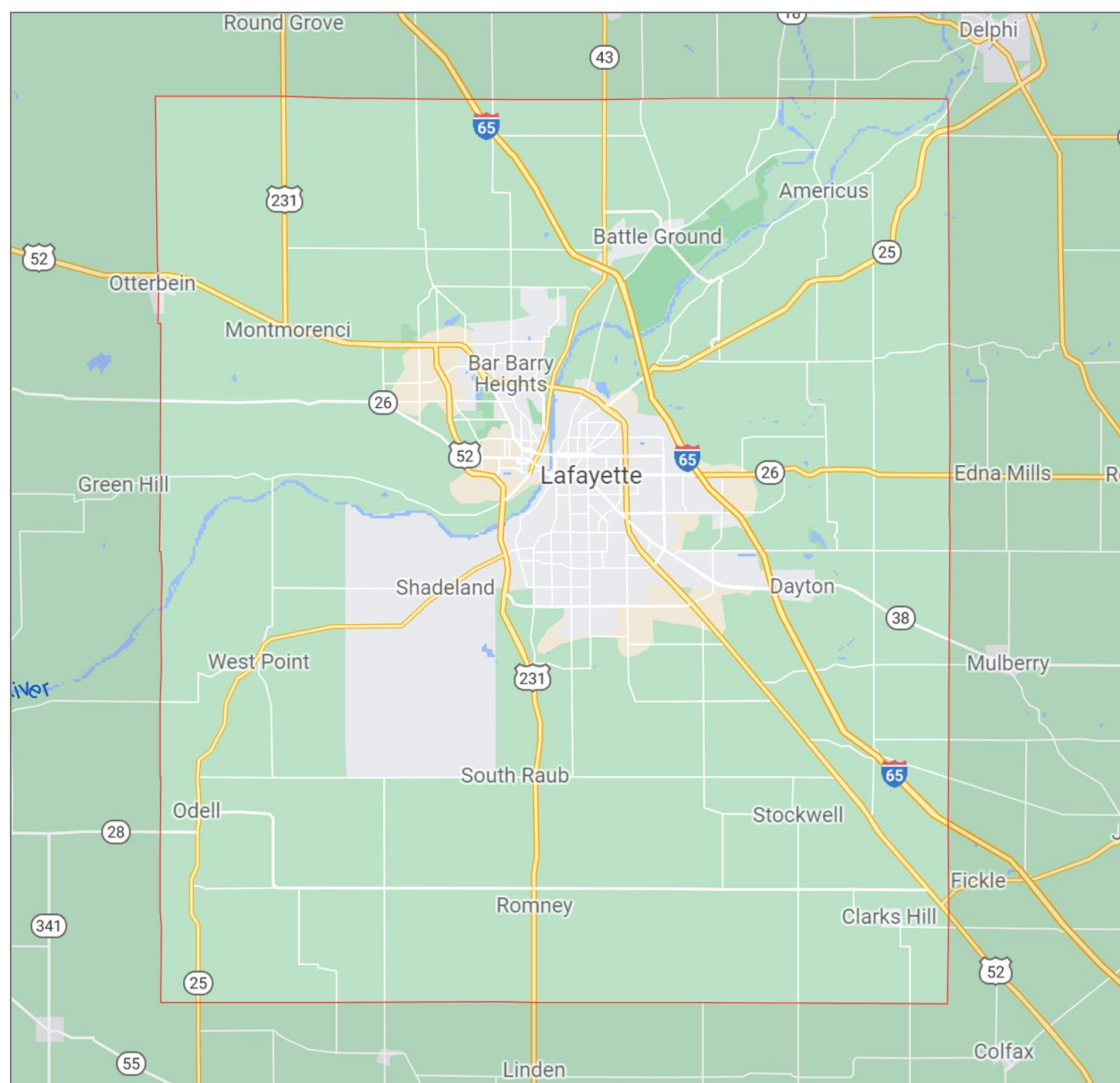
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Lafayette and subject neighborhood future viability. These investments are expected to draw and strengthen the appeal to faculty, researchers, students and corporations.

### Summary

The subject region has shown a history of stability even through economic downturns, due to the diversification of the economic base. Purdue University, which employs approximately 16,512 people, is also a stabilizer for the economy and has a widespread effect on the region in terms of overall quality of life. The unemployment rates have shown a decreasing trend over the past years and due to recent announcements are expected to continue to decline. The region offers ample recreational, shopping, and educational opportunities, and the region is situated well within the state in terms of transportation and proximity to major U.S. cities. Overall, the subject property benefits from the location within the region.

### REGION MAP



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## PRIMARY MARKET AREA ANALYSIS

A **market area** is “the geographic region from which a majority of demand comes and in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas, or the competitive market area may be distinguished from the general market area.” (The Dictionary of Real Estate Appraisal, 7<sup>th</sup> Edition, Appraisal Institute, 2022, Page 116). A **market analysis** is “the study of the supply and demand in a specific area for a specific type of property.” (The Dictionary of Real Estate Appraisal, 7<sup>th</sup> Edition, Appraisal Institute, 2022, Page 115).

The subject of this market study is focused on student-oriented apartments within walking distance to the Purdue University campus. The Primary Market Area of this study is therefore defined as the Purdue University campus and surrounding areas within walking distance. Given the limits of certain available data in the Primary Market Area, research was expanded to a Secondary Market Area defined as areas not within walking distance to the Purdue campus as well as other college campuses located throughout the Midwest.

### Student Housing Apartment Market

The student housing market in West Lafayette has historically been very tight. This situation changed slightly with the influx of new apartment complexes, especially when the new high rises entered the market in 2019 and remote study instructions caused by the pandemic for 2020-2021. But thanks to growing student enrollment, the occupancies have rebounded and there is now a shortage of student-oriented apartments within areas proximate to the Purdue University campus. Property managers reported waiting lists for specific unit types and a high percentage of preleased units have been reported for the 2023-2024 academic year, with some managers already pre-leasing for 2024-2025.

The following apartment complexes were built in West Lafayette since 2012 within walking distance from the Purdue University campus:

| #             | Name                      | Address                       | Year | # Units      | # Bedrooms   | Amenities                | Garage   | Retail |
|---------------|---------------------------|-------------------------------|------|--------------|--------------|--------------------------|----------|--------|
| 1             | Chauncey Square Phase II  | NWC N Salisbury St & South St | 2012 | 110          | 280          | Fitness, patio           | Yes      | No     |
| 2             | University Terrace        | 105 E State St                | 2012 | 28           | 54           | Patio                    | Yes      | No     |
| 3             | Kylee Cove                | 326 S Chauncey Ave            | 2013 | 18           | 36           | Patio                    | Yes      | No     |
| 4             | Grant Street Station      | 320 S Grant St                | 2013 | 136          | 289          | Pool, fitness            | Yes      | No     |
| 5             | Crosswalk Commons         | 925 Hilltop Dr                | 2013 | 32           | 118          | Entertainment room       | No       | No     |
| 6             | Fuse                      | 720 Northwestern Ave          | 2014 | 229          | 489          | Fitness, clubroom        | Yes      | Yes    |
| 7             | Morris Rentals            | 204 W Fowler Ave              | 2014 | 14           | 28           | None                     | No       | No     |
| 8             | North by Northwest        | 225 Northwestern Ave          | 2015 | 44           | 56           | Study room               | Yes      | Yes    |
| 9             | South Street Station      | 46 N Salisbury St             | 2015 | 40           | 75           | Study room               | Yes      | No     |
| 10            | Campus Edge on Pierce     | 221 E State St                | 2018 | 287          | 586          | Pool, fitness            | Yes      | Yes    |
| 11            | Hi ViNE                   | 302 Vine Street               | 2019 | 73           | 115          | Study rooms              | Yes      | Yes    |
| 12            | Rise on Chauncey          | 100 S Chauncey Ave            | 2019 | 281          | 664          | Pool, fitness            | Yes      | Yes    |
| 13            | Hub on Campus             | 111 S Salisbury St            | 2019 | 230          | 596          | Pool, fitness            | Yes      | Yes    |
| 14            | Crossing at Chauncey Hill | 202 S Chauncey Ave            | 2019 | 56           | 104          | None                     | Yes      | No     |
| 15            | Aspire                    | 1245 W State St               | 2019 | 375          | 835          | Fitness, study rooms     | Off site | Yes    |
| 16            | Wabash Landing Phase II   | 325 Brown St.                 | 2020 | 114          | 114          | Fitness                  | Yes      | No     |
| 17            | Muinzer Target Building   | 300 W State St                | 2020 | 36           | 96           | Fitness, study rooms     | No       | Yes    |
| 18            | Cypress on Columbia       | 117 E Columbia St             | 2020 | 48           | 64           | Study room, lounge       | Yes      | No     |
| 19            | 120 Flats                 | 120 W Fowler St               | 2020 | 53           | 65           | None                     | No       | No     |
| 20            | Continuum                 | 101 Foundry Drive             | 2021 | 249          | 332          | Pool, fitness, club room | Yes      | Yes    |
| 21            | Provenance                | 1517 W State Street           | 2022 | 250          | 426          | Fitness, café            | Yes      | Yes    |
| <b>Totals</b> |                           |                               |      | <b>2,703</b> | <b>5,422</b> |                          |          |        |

Table compiled by Don R Scheidt & Co., Inc

As the table indicates, a total of 2,703 new units have been added to the subject market area since 2012. These complexes provided 5,422 new bedrooms. In just the last five years, national and local developers added 3,997 bedrooms to the existing inventory of student-oriented housing, while the University

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enrollment has increased by 9,188 students within the same period. This excludes Aspire, which is a joint venture with Purdue University and more similar to a modern residence hall.

In addition to these already completed complexes listed above, there are several proposed developments in the pipeline, as summarized below.

| #             | Name                    | Address                           | Year | # Units    | # Bedrooms   | Amenities                  | Garage | Retail |
|---------------|-------------------------|-----------------------------------|------|------------|--------------|----------------------------|--------|--------|
| 1             | Monterey Apartments     | 214 Pierce Street                 | 2024 | 68         | 103          | Fitness                    | Yes    | No     |
| 2             | Verve                   | NEC Wood Street & Chauncey Avenue | 2025 | 247        | 763          | Pool, fitness, study rooms | Yes    | Yes    |
| 3             | 4-Up                    | SWC Fowler Avenue & Vine Street   | 2025 | 191        | 334          | Unknown                    | Yes    | No     |
| 4             | Waldron Apartments      | SWC Waldron Street & Third Street | 2025 | 70-82      | 70-164       | Unknown                    | Yes    | No     |
| 5             | Discovery Park District | SEC McCormick Road & Third Street | 2025 | 402        | 638          | Unknown                    | Yes    | No     |
| <b>Totals</b> |                         |                                   |      | <b>978</b> | <b>1,908</b> |                            |        |        |

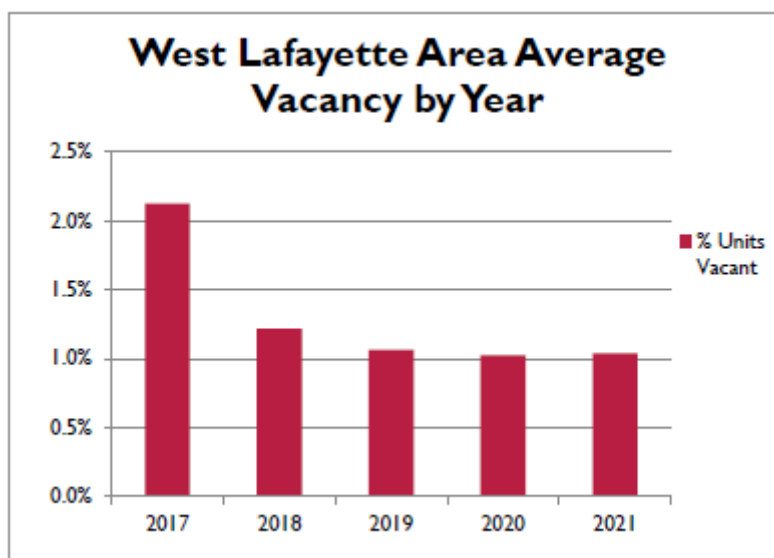
These proposed developments will add another minimum 978 units and 1,908 bedrooms by 2025. The most significant of these is Verve, a 7-story mixed-use building that is currently under construction on the entire block of Wood Street between Chauncey Avenue and Salisbury Street, south adjacent to The Rise at Chauncey and Hub on Campus. This building will add 763 bedrooms, more than either The Rise on Chauncey or Hub on Campus. The 4-Up development is a 6-story building, the Monterey Apartments is a 5-story building, and the Waldron Apartments is a 5-story building. With the exception of the Discovery Park District development, all of these are on sites that were improved with dated multi-family buildings.

Further, other several campus-proximate sites currently improved with dated multi-family buildings have been recently purchased by private entities for speculative larger scale apartment redevelopment. This includes a 0.24-acre site at 314 W Fowler Avenue, a 0.55-acre site at 217 Sheetz Street, and a 0.43-acre site at 414 & 422 Vine Street, although details on the redevelopments are not yet known.

Finally, the most major speculative student-oriented apartment project is the redevelopment of Chauncey Hill Mall, the most prominent campus-proximate location with heavy pedestrian traffic. The proposed development by owner Marc Muinzer consists of 813 units, 517 units in tower A (15 floors) and 296 units in tower B (14 floors) with a total of 1,500 bedrooms.

This proposal (rezoning case Z-2842 from CBW to PDMX) was met with strong opposition from the local authorities due to the incompatibility with the West Lafayette Downtown Plan. Specifically, the location of Chauncey Hill Mall is considered the most prominent campus-proximate location and is designated to be a focal point for the local community, students, and university employees. The conceptual plan calls for diversification of the uses within this area to include uses such as: retail inclusive of grocers and restaurants, a hotel, possible condominiums, office space, fitness facilities, and vast green and gathering areas, in addition to apartments. Meanwhile, the proposal incorporates only apartments and less than 15,000 SF of retail/commercial space and parking structure. The proposed development is placed on hold and the application expired in April 2022.

Residential vacancy rates in West Lafayette as reported by the 2022 Tippecanoe County Student Rental Report (published December 2022) are shown below.



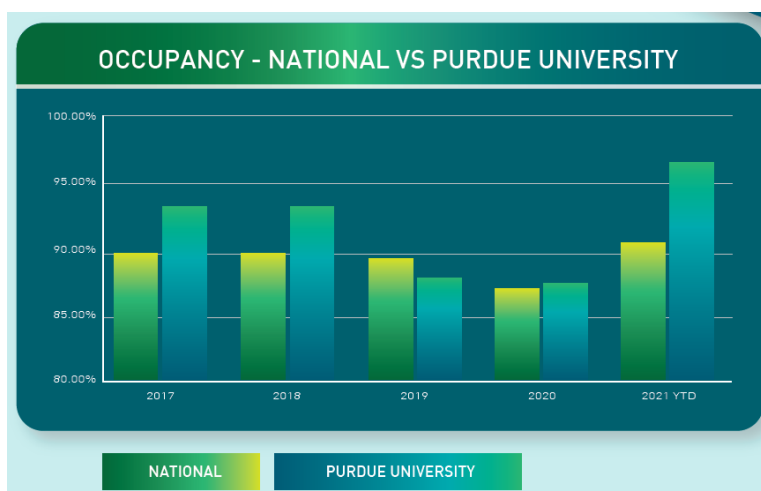
Looking at the individual years, an overall decrease in residential vacancy has occurred in the West Lafayette area, from a 2.1% vacancy rate reported in 2017 to a 1.0% vacancy rate reported in 2021.

According to the Cushman & Wakefield Indiana Apartment Market annual report for the West Lafayette submarket, the trend of vacancy rates for campus-proximate buildings is shown below:

| Year                                    | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|------|------|------|------|------|------|------|
| University-Proximate Residences Vacancy | 4.6% | 2.2% | 3.3% | 3.9% | 6.9% | 3.3% | 1.8% |

The 2022 vacancy rate of 1.8% indicates that demand has outpaced the vast influx of supply in recent years and currently represents a shortage of supply in the marketplace.

The Triad 2021-2022 Research Report is consistent with the reporting by Cushman & Wakefield at 3.45% for 2021. The national occupancy versus Purdue University occupancy according to the Triad report shows the following trend:



Source: Triad 2021-2022 Research Report

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The Triad report most likely reflects the most inclusive surveys and in fact shows a sharp decline from 2018, which coincides with the unprecedented influx of new units to the student housing market, followed by a slight decline in 2020 due to the pandemic, and then healthy rebound in 2021. Purdue University outperformed national occupancies in the last five years with the only exception being 2019, which is reasonable.

The retail sector within walking distance to the Purdue University campus benefits from pedestrian traffic, and while the COVID-19 pandemic adversely affected many retailers especially within the restaurant sector, the occupancies on campus are strong as there is strong demand from students, faculty, and staff at a rapidly increasing level. Local authorities emphasize the integration of campus area with the city downtown area as specified in the West Lafayette Downtown Plan.

### **Market Analysis Conclusion**

As shown, campus-proximate student housing at Purdue University is in very high demand with current vacancy levels at a record low, clearly indicating demand has outpaced the vast influx of supply in recent years. Several approved large scale projects are in the pipeline, and developers are purchasing and assembling improved sites for high premiums with intentions of redevelopment into higher end student housing for the future.

## NEIGHBORHOOD ANALYSIS

A definition of **neighborhood** is “a group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises.” (*The Dictionary of Real Estate Appraisal*, 7<sup>th</sup> Edition, Appraisal Institute, 2022, Page 130). Neighborhood boundaries are identified by determining the area in which forces operate on properties in the same way that they operate on the property being appraised. Although a neighborhood may be seen as a grouping of properties within physical boundaries, these physical boundaries are less significant than are the boundaries of influence.

The general neighborhood is defined as the Purdue University campus and the surrounding areas including the southern portion of US 231 corridor south of Cherry Lane.

The primary land use is associated with the university and includes university buildings and student housing. The numerous recent developments within the Purdue University campus were described in greater detail in the Region Analysis and Market Analysis sections of the report.

Single-family homes are located predominantly within the northeastern portion of the neighborhood. Most homes are 50+ years old with many adapted to accommodate student rentals. Apartment complexes are typically new to 20+ years old and are concentrated within the southern and eastern portion of the subject neighborhood. These apartments are almost exclusively student oriented.

State Street was redesigned to become “a place where people want to live, work, and play”. Pedestrian friendly areas to walk and relax along with bike lanes and extensive landscaping greatly enhanced the appeal and utility of State Street. This was the result of a massive \$120 million joint investment between the City of West Lafayette and Purdue University.

Commercial uses are comprised predominantly of retail uses concentrated along State Street, Northwestern Avenue and both North and South River Road. They include numerous restaurants and fast food establishments, bookstores, cafes and a bank.

Wabash Landing is the largest retail development within the subject neighborhood. Tenants include a movie theater, Starbucks, Panera Bread, and others. This development is also anchored by a Hilton Garden Inn, and a 200+-unit apartment complex with a five-story parking garage.

Levee Plaza is an older strip center located north of Wabash Landing. This aging center was formerly anchored by Smitty’s supermarket and International Sports health club. The current tenants include Buffalo Wild Wings, Hudson’s Bay Company, Neon Cactus bar and nightclub, and Poblano’s restaurant. Nine Irish Brothers, Bruno’s, and the former now-closed Puccini’s are sit-down restaurants located south of Levee Plaza and north of Wabash Landing. The levee area is the focal point of the new West Lafayette Downtown Plan focused on improving the appeal and functionality of the area, including redevelopment of older facilities while preserving the character and historic significance, enhancing safety and infrastructure and improve connectivity to the Wabash River and Lafayette Downtown area.

River Market and State Street Towers are mixed-use buildings with apartments on the upper floors and retail uses on the ground level. These buildings are located on the southeast and southwest corners of State Street and River Road. Chauncey Hill Mall offers numerous restaurants and stores and is currently in an interim period awaiting redevelopment. A proposal was submitted to the Tippecanoe County Area Plan Commission for redevelopment of the mall into a two-tower, 15-story high-rise with 813 units and 1,500 beds with less than 15,000 SF of commercial space on the ground floor.

This proposal was met with strong opposition from the local authorities due to the incompatibility with the West Lafayette Downtown Plan. Specifically, the location of Chauncey Hill Mall is considered the most prominent campus-proximate location and is designated to be a focal point for the local community, students, and university employees. The conceptual plan calls for diversification of the uses within this area to include uses such as: retail inclusive of grocers and restaurants, a hotel, possible condominiums, office space, fitness facilities, and vast green and gathering areas, in addition to apartments. Meanwhile, the proposal incorporates only apartments and less than 15,000 SF of retail/commercial space and parking structure. The proposed development is placed on hold and the application expired in April 2022.

The newest and largest development is Provenance at Discovery Park District. The entire site, bordered by West State Street to the north, Airport Road to the east and US 231 to the south and west, was rezoned in August 2019 from R3W to PDMX – Planned Development Mixed Use. The development will occur in multiple phases. As of the date of this report, Phase 1 of Provenance Apartments and several single-family homes were completed and a row of townhomes was under construction.



Vacant land is found within the southeast corner of the defined neighborhood along Tapawingo Drive. Tapawingo Drive has been extended from the intersection with State Street to South River Road. This extension improved the access to the new US 231 South by bypassing the busy intersection of State Street with River Road. The new Hampton Inn and Suites was recently completed at the corner of Tapawingo Drive and State Street.

The area is serviced by state and local roads, with public transportation available (free for campus loop). The access to the subject neighborhood is considered adequate. The student population largely relies on walking to and from the campus. Sidewalks are provided in most locations enhancing the safety of pedestrians. The subject's neighborhood has convenient access to the Purdue University Campus and benefits from its extensive recreational and retail/service facilities. The pedestrian crossing (John T. Myers Pedestrian Bridge) improves the access to the Lafayette Central Business District from the Purdue Campus.

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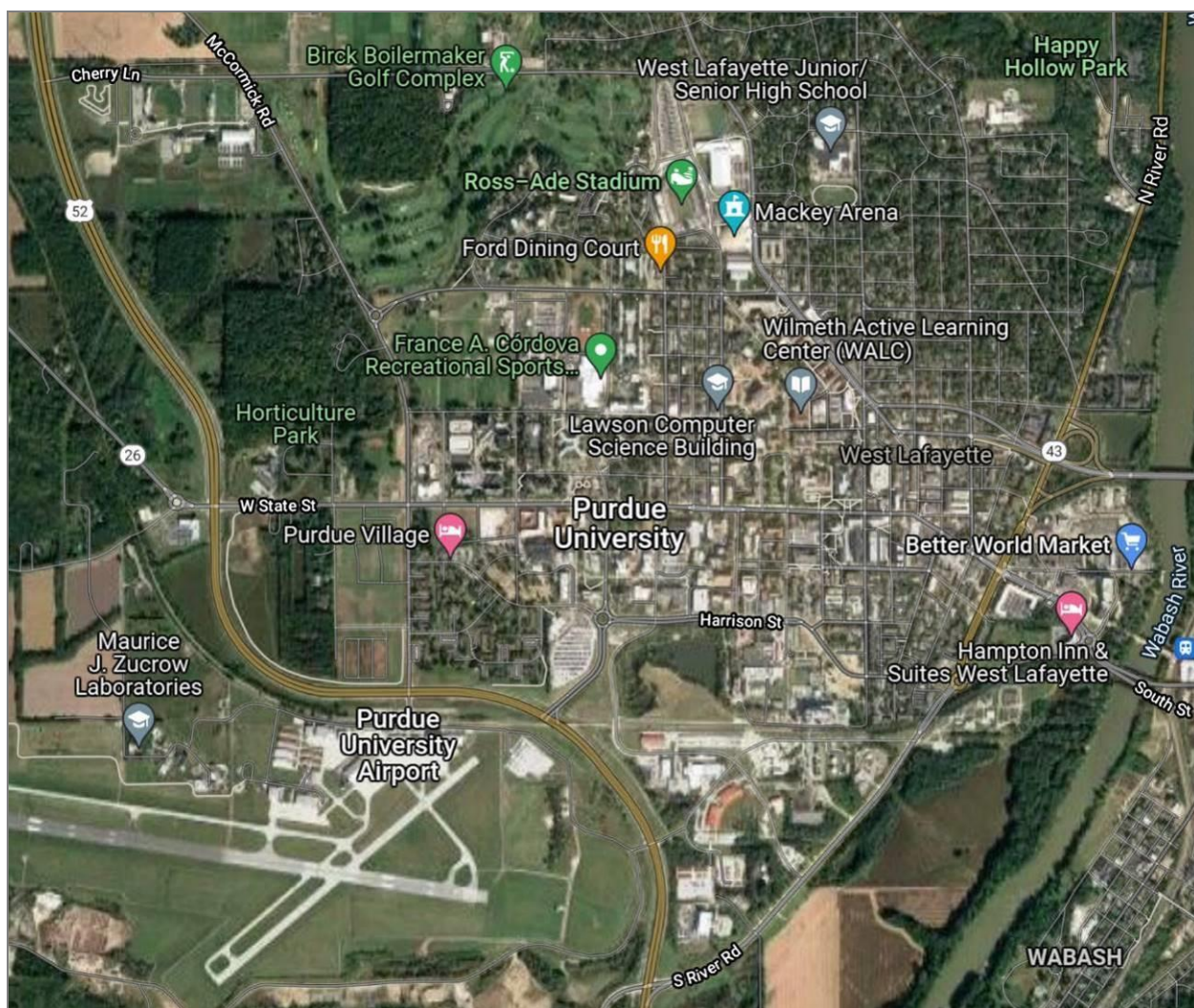


The US 231 corridor creates new areas of development along its entire lengths from Purdue Airport. Commercial uses are the focus at the intersections with Cumberland Avenue and Sagamore Parkway West and residential uses are to be the focus of Lindberg Road area. The intersection with SR 26 (State Street) has a church, Rolls-Royce facility, Schweitzer Laboratories and the last corner is being developed with Provenance at Discovery Park.

Another major current project is the replacement of the railroad bridge on Newman Road to allow larger vehicles to access the western areas of the Aerospace District. The existing underpass was a low clearance, one lane road that was too narrow for most commercial vehicles.

In conclusion, the subject neighborhood is nearly fully developed within its eastern portion with many redevelopment projects taking place, while the southwestern portion is in a growth phase. Purdue University is the driving force behind the economy and development of the subject neighborhood as well as providing support for the entire Greater Lafayette economy. The outlook for the subject neighborhood is dynamic and positive.

### NEIGHBORHOOD MAP



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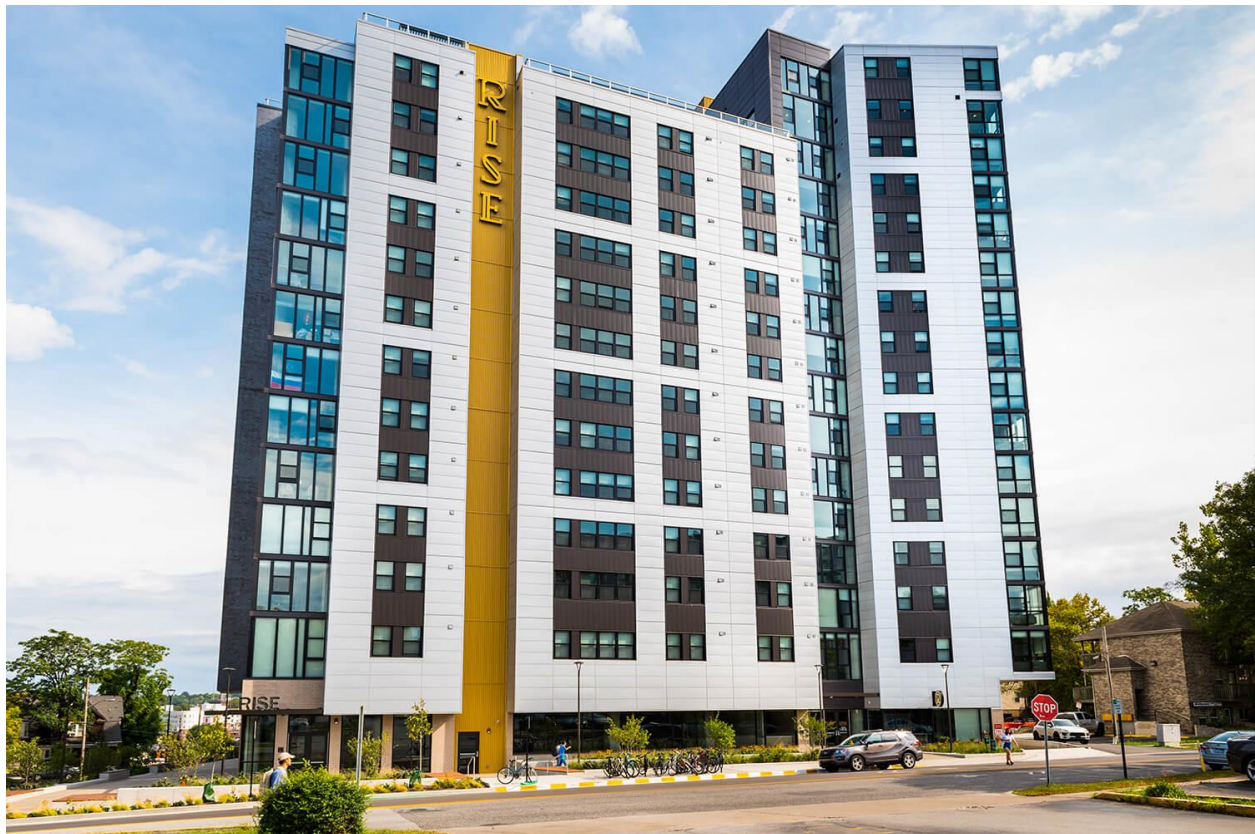
## DESCRIPTION OF PROPERTY TIERS

The student-oriented apartments within the market are broken down into four tiers for purposes of establishing market expense and capitalization rate norms. The tiers are defined below.

### Tier 1A

|                             |  |
|-----------------------------|--|
| General Description:        | The most high-end, large-scale, flagship complexes within the market   |
| Typical Year Built:         | 2018 to present  |
| Typical Number of Stories:  | 10 or more   |
| Typical Number of Units:    | 200 or more  |
| Typical Amenities:          | Premier amenities including rooftop terraces with swimming pools, fitness centers, study lounges, garage parking, and more   |
| Retail or Office Component: | Yes  |
| Examples:                   | The Rise on Chauncey, Hub on Campus, and Campus Edge at Pierce – these are the only three properties within the Primary Market Area that fit in this sub-tier. Verve and 4-Up are proposed complexes that will feature 247 and 191 units on 7 and 6 stories respectively and will be most accurately categorized as Tier 1A. |

Photo Example:



The Rise on Chauncey

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**Tier 1B**

|                             |  |
|-----------------------------|--|
| General Description:        | High-end, non-high rise complexes  |
| Typical Year Built:         | 2010s to present   |
| Typical Number of Stories:  | 3 to 6   |
| Typical Number of Units:    | 50 or more   |
| Typical Amenities:          | Study rooms, garage parking, some with fitness centers   |
| Retail or Office Component: | Some do depending on location  |
| Examples:                   | Hi ViNE, North by Northwest, Crossing at Chauncey Hill, Muinzer Target building, South Street Station, Grant Street Station, Fuse, Cypress on Columbia |

**Photo Example:**

Hi ViNE

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**Tier 2**

|                             |  |
|-----------------------------|--|
| General Description:        | Slightly dated but mostly functional complexes   |
| Typical Year Built:         | 1990s to 2000s   |
| Typical Number of Stories:  | 2-4  |
| Typical Number of Units:    | 20 to 50   |
| Typical Amenities:          | Some with garage parking, few with other amenities such as fitness centers and study rooms     |
| Retail or Office Component: | Some do depending on location  |
| Examples:                   | State Street Towers, Village Center, Linwood Apartments, Salisbury Place, State Street Commons |

## Photo Example:



State Street Towers



**Tier 3**

|                             |   |
|-----------------------------|---|
| General Description:        | Dated, functionally deficient complexes   |
| Typical Year Built:         | 1980s to 1990s  |
| Typical Number of Stories:  | 2-3   |
| Typical Number of Units:    | 10 to 30  |
| Typical Amenities:          | None  |
| Retail or Office Component: | No  |
| Examples:                   | Southfork Apartments, Stratford II, Morningside, Chauncey Ridge, Waterford Place, Columbia Pointe |

## Photo Example:



Southfork Apartments



**Tier 4**

|                             |   |
|-----------------------------|---|
| General Description:        | Older converted multi-unit rentals                            |
| Typical Year Built:         | Early 1900s   |
| Typical Number of Stories:  | 2   |
| Typical Number of Units:    | 2-10  |
| Typical Amenities:          | None  |
| Retail or Office Component: | No  |
| Examples:                   | 427 N Chauncey Avenue, 214 Pierce Street, 207 W Fowler Avenue |

Photo Example:



427 N Chauncey Avenue

## INCOME AND EXPENSE ANALYSIS – TIER 1B

The income and expenses for the previously defined tiers will be presented next. The identities of the properties are kept confidential. Reconciling market norms for rental income is not within the scope of this appraisal, but full income data is presented to provide clarity on management fees and expense ratios.

### Tier 1B Income and Expense Comparables

Shown below are 10 income and expense comparables that are considered to fall within Tier 1B.

| COMPARABLE<br>LOCATION<br>CAMPUS                                       | Comparable 1<br>West Lafayette, IN<br>Purdue University              |         |         |          | Comparable 2<br>West Lafayette, IN<br>Purdue University      |         |          |          | Comparable 3<br>Lafayette, IN<br>Purdue University                            |         |          |          | Comparable 4<br>Bloomington, IN<br>Indiana University        |         |         |          |
|--|--|---------|---------|----------|--|---------|----------|----------|---|---------|----------|----------|--|---------|---------|----------|
| USE<br>PERIOD<br># UNITS<br># BEDS<br>RENTABLE AREA (SF)<br>YEAR BUILT | Apartments<br>2020-2021 Actual<br>206<br>262<br>140,212<br>2001/2019 |         |         |          | Apartments<br>2021-2022 Actual<br>48<br>64<br>25,957<br>2020 |         |          |          | Apartments and Commercial<br>2019-2020 Actual<br>99<br>122<br>110,075<br>2018 |         |          |          | Apartments<br>2020-2021 Actual<br>97<br>97<br>29,828<br>2020 |         |         |          |
| INCOME   | \$   | Per SF  | Per Bed | % of EGI | \$   | Per SF  | Per Bed  | % of EGI | \$  | Per SF  | Per Bed  | % of EGI | \$   | Per SF  | Per Bed | % of EGI |
| Rental Income  | \$2,457,607  | \$17.53 | \$9,380 | 94.6%    | \$894,173  | \$34.45 | \$13,971 | 97.8%    | \$2,269,592   | \$20.62 | \$18,603 | 91.7%    | \$892,964  | \$29.94 | \$9,206 | 95.5%    |
| Other Income   | \$139,107  | \$0.99  | \$531   | 5.4%     | \$20,555   | \$0.79  | \$321    | 2.2%     | \$206,577   | \$1.88  | \$1,693  | 8.3%     | \$42,307   | \$1.42  | \$436   | 4.5%     |
| TOTAL INCOME   | \$2,596,714  | \$18.52 | \$9,911 | 100.0%   | \$914,728  | \$35.24 | \$14,293 | 100.0%   | \$2,476,169   | \$22.50 | \$20,296 | 100.0%   | \$935,271  | \$31.36 | \$9,642 | 100.0%   |
| FIXED EXPENSES   |  |         |         |          |  |         |          |          |   |         |          |          |  |         |         |          |
| Property Taxes   | \$761,293  | \$5.43  | \$2,906 | 29.3%    | \$34,469   | \$1.33  | \$539    | 3.8%     | \$423,324   | \$3.85  | \$3,470  | 17.1%    | \$20,397   | \$0.68  | \$210   | 2.2%     |
| Property Insurance   | \$43,780   | \$0.31  | \$167   | 1.7%     | \$24,783   | \$0.95  | \$387    | 2.7%     | \$75,640  | \$0.69  | \$620    | 3.1%     | \$15,226   | \$0.51  | \$157   | 1.6%     |
| SUBTOTAL - FIXED   | \$805,073  | \$5.74  | \$3,073 | 31.0%    | \$59,253   | \$2.28  | \$926    | 6.5%     | \$498,964   | \$4.53  | \$4,090  | 20.2%    | \$35,623   | \$1.19  | \$367   | 3.8%     |
| VARIABLE EXPENSES  |  |         |         |          |  |         |          |          |   |         |          |          |  |         |         |          |
| Advertising  | \$71,255   | \$0.51  | \$272   | 2.7%     | \$3,585  | \$0.14  | \$56     | 0.4%     | \$43,251  | \$0.39  | \$355    | 1.7%     | \$55,915   | \$1.87  | \$576   | 6.0%     |
| Administrative/Miscellaneous   | \$174,863  | \$1.25  | \$667   | 6.7%     | \$18,295   | \$0.70  | \$286    | 2.0%     | \$57,598  | \$0.52  | \$472    | 2.3%     | \$47,885   | \$1.61  | \$494   | 5.1%     |
| Maintenance & Repairs  | \$181,286  | \$1.29  | \$692   | 7.0%     | \$71,231   | \$2.74  | \$1,113  | 7.8%     | \$154,361   | \$1.40  | \$1,265  | 6.2%     | \$53,335   | \$1.79  | \$550   | 5.7%     |
| Utilities  | \$142,602  | \$1.02  | \$544   | 5.5%     | \$29,903   | \$1.15  | \$467    | 3.3%     | \$88,220  | \$0.80  | \$723    | 3.6%     | \$52,115   | \$1.75  | \$537   | 5.6%     |
| Payroll  | \$211,796  | \$1.51  | \$808   | 8.2%     | \$0  | \$0.00  | \$0      | 0.0%     | \$145,337   | \$1.32  | \$1,191  | 5.9%     | \$0  | \$0.00  | \$0     | 0.0%     |
| Management Fee   | \$79,599   | \$0.57  | \$3.1%  | 3.1%     | \$45,327   | \$1.75  | \$5.0%   | 5.0%     | \$123,041   | \$1.12  | \$5.0%   | 5.0%     | \$84,299   | \$2.83  | \$9.0%  | 9.0%     |
| SUBTOTAL- VARIABLE   | \$861,401  | \$6.14  | \$3,288 | 33.2%    | \$168,340  | \$6.49  | \$2,630  | 18.4%    | \$611,808   | \$5.56  | \$5,015  | 24.7%    | \$293,549  | \$9.84  | \$3,026 | 31.4%    |
| TOTAL FIXED & VARIABLE<br>Expenses as a % of EGI                       | \$1,666,474  | \$11.89 | \$6,361 | 64.2%    | \$227,593  | \$8.77  | \$3,556  | 24.9%    | \$1,110,772   | \$10.09 | \$9,105  | 44.9%    | \$329,172  | \$11.04 | \$3,394 | 35.2%    |
| NET OPERATING INCOME   | \$930,240  | \$6.63  | \$3,551 | 35.8%    | \$687,135  | \$26.47 | \$10,736 | 75.1%    | \$1,365,397   | \$12.40 | \$11,192 | 55.1%    | \$606,099  | \$20.32 | \$6,248 | 64.8%    |

| COMPARABLE<br>LOCATION<br>CAMPUS                                       | Comparable 5<br>Bloomington, IN<br>Indiana University                  |         |          |          | Comparable 6<br>Indianapolis, IN<br>University of Indianapolis  |         |         |          | Comparable 7<br>Muncie, IN<br>Ball State University                       |         |         |          | Comparable 8<br>Indianapolis, IN<br>IUPUI                      |         |         |          |
|--|--|---------|----------|----------|---|---------|---------|----------|---|---------|---------|----------|--|---------|---------|----------|
| USE<br>PERIOD<br># UNITS<br># BEDS<br>RENTABLE AREA (SF)<br>YEAR BUILT | Apartments and Commercial<br>2016 Actual<br>30<br>30<br>22,950<br>2014 |         |          |          | Apartments<br>2021-2022 Actual<br>118<br>300<br>121,646<br>2019 |         |         |          | Apartments and Commercial<br>2020 Actual<br>226<br>522<br>257,132<br>2014 |         |         |          | Apartments<br>2017-2018 Actual<br>107<br>256<br>88,310<br>2017 |         |         |          |
| INCOME   | \$   | Per SF  | Per Bed  | % of EGI | \$  | Per SF  | Per Bed | % of EGI | \$  | Per SF  | Per Bed | % of EGI | \$   | Per SF  | Per Bed | % of EGI |
| Rental Income  | \$360,840  | \$15.72 | \$12,028 | 99.7%    | \$2,550,357   | \$20.97 | \$8,501 | 100.0%   | \$2,953,104   | \$11.48 | \$5,657 | 86.3%    | \$1,844,213  | \$20.88 | \$7,204 | 91.3%    |
| Other Income   | \$940  | \$0.04  | \$31     | 0.3%     | \$0   | \$0.00  | \$0     | 0.0%     | \$470,102   | \$1.83  | \$901   | 13.7%    | \$174,728  | \$1.98  | \$683   | 8.7%     |
| TOTAL INCOME   | \$361,780  | \$15.76 | \$12,059 | 100.0%   | \$2,550,357   | \$20.97 | \$8,501 | 100.0%   | \$3,423,206   | \$13.31 | \$6,558 | 100.0%   | \$2,018,941  | \$22.86 | \$7,886 | 100.0%   |
| FIXED EXPENSES   |  |         |          |          |   |         |         |          |   |         |         |          |  |         |         |          |
| Property Taxes   | \$22,260   | \$0.97  | \$742    | 6.2%     | \$101,789   | \$0.84  | \$339   | 4.0%     | \$264,860   | \$1.03  | \$507   | 7.7%     | \$111,754  | \$1.27  | \$437   | 5.5%     |
| Property Insurance   | \$4,500  | \$0.20  | \$150    | 1.2%     | \$22,657  | \$0.19  | \$76    | 0.9%     | \$137,002   | \$0.53  | \$262   | 4.0%     | \$58,355   | \$0.66  | \$228   | 2.9%     |
| SUBTOTAL - FIXED   | \$26,760   | \$1.17  | \$892    | 7.4%     | \$124,446   | \$1.02  | \$415   | 4.9%     | \$401,862   | \$1.56  | \$770   | 11.7%    | \$170,109  | \$1.93  | \$664   | 8.4%     |
| VARIABLE EXPENSES  |  |         |          |          |   |         |         |          |   |         |         |          |  |         |         |          |
| Advertising  | \$990  | \$0.04  | \$33     | 0.3%     | \$12,978  | \$0.11  | \$43    | 0.5%     | \$116,026   | \$0.45  | \$222   | 3.4%     | \$28,787   | \$0.33  | \$112   | 1.4%     |
| Administrative/Miscellaneous   | \$3,510  | \$0.15  | \$117    | 1.0%     | \$35,757  | \$0.29  | \$119   | 1.4%     | \$157,086   | \$0.61  | \$301   | 4.6%     | \$42,018   | \$0.48  | \$164   | 2.1%     |
| Maintenance & Repairs  | \$4,410  | \$0.19  | \$147    | 1.2%     | \$182,315   | \$1.50  | \$608   | 7.1%     | \$532,530   | \$2.07  | \$1,020 | 15.6%    | \$60,644   | \$0.69  | \$237   | 3.0%     |
| Utilities  | \$23,430   | \$1.02  | \$781    | 6.5%     | \$247,038   | \$2.03  | \$823   | 9.7%     | \$516,094   | \$2.01  | \$989   | 15.1%    | \$132,114  | \$1.50  | \$516   | 6.5%     |
| Payroll  | \$21,240   | \$0.93  | \$708    | 5.9%     | \$265,081   | \$2.18  | \$884   | 10.4%    | \$336,740   | \$1.31  | \$645   | 9.8%     | \$151,671  | \$1.72  | \$592   | 7.5%     |
| Management Fee   | \$15,120   | \$0.66  | \$4.2%   | 4.2%     | \$67,500  | \$0.55  | \$2.6%  | 2.6%     | \$90,682  | \$0.35  | \$2.6%  | 2.6%     | \$80,121   | \$0.91  | \$4.0%  | 4.0%     |
| SUBTOTAL- VARIABLE   | \$68,700   | \$2.99  | \$2,290  | 19.0%    | \$810,669   | \$6.66  | \$2,702 | 31.8%    | \$1,749,158   | \$6.80  | \$3,351 | 51.1%    | \$495,355  | \$5.61  | \$1,935 | 24.5%    |
| TOTAL FIXED & VARIABLE<br>Expenses as a % of EGI                       | \$95,460   | \$4.16  | \$3,182  | 26.4%    | \$935,115   | \$7.69  | \$3,117 | 36.7%    | \$2,151,020   | \$8.37  | \$4,121 | 62.8%    | \$665,464  | \$7.54  | \$2,599 | 33.0%    |
| NET OPERATING INCOME   | \$266,320  | \$11.60 | \$8,877  | 73.6%    | \$1,615,242   | \$13.28 | \$5,384 | 63.3%    | \$1,272,186   | \$4.95  | \$2,437 | 37.2%    | \$1,353,477  | \$15.33 | \$5,287 | 67.0%    |

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| PROPERTY NAME                | Greyhound Village          |         |         |          | Grant Street Station |         |         |          |
|------------------------------|----------------------------|---------|---------|----------|----------------------|---------|---------|----------|
| ADDRESS                      | 3701 Shelby Street         |         |         |          | 320 S Grant Street   |         |         |          |
| COMPARABLE                   | Comparable 9               |         |         |          | Comparable 10        |         |         |          |
| LOCATION                     | Indianapolis, IN           |         |         |          | West Lafayette, IN   |         |         |          |
| CAMPUS                       | University of Indianapolis |         |         |          | Purdue University    |         |         |          |
| USE                          | Apartments                 |         |         |          | Apartments           |         |         |          |
| PERIOD                       | 2021-2022 Actual           |         |         |          | 2013-2014 Actual     |         |         |          |
| # UNITS                      | 196                        |         |         |          | 126                  |         |         |          |
| # BEDS                       | 480                        |         |         |          | 278                  |         |         |          |
| RENTABLE AREA (SF)           | 204,940                    |         |         |          | 115,945              |         |         |          |
| YEAR BUILT                   | 2016                       |         |         |          | 2013                 |         |         |          |
| INCOME                       | \$                         | Per SF  | Per Bed | % of EGI | \$                   | Per SF  | Per Bed | % of EGI |
| Rental Income                | \$4,103,608                | \$20.02 | \$8,549 | 100.0%   | \$1,596,786          | \$13.77 | \$5,744 | 96.7%    |
| Other Income                 | \$0                        | \$0.00  | \$0     | 0.0%     | \$54,671             | \$0.47  | \$197   | 3.3%     |
| TOTAL INCOME                 | \$4,103,608                | \$20.02 | \$8,549 | 100.0%   | \$1,651,456          | \$14.24 | \$5,940 | 100.0%   |
| FIXED EXPENSES               |                            |         |         |          |                      |         |         |          |
| Property Taxes               | \$24,435                   | \$0.12  | \$51    | 0.6%     | \$75,385             | \$0.65  | \$271   | 4.6%     |
| Property Insurance           | \$31,202                   | \$0.15  | \$65    | 0.8%     | \$25,185             | \$0.22  | \$91    | 1.5%     |
| SUBTOTAL - FIXED             | \$55,637                   | \$0.27  | \$116   | 1.4%     | \$100,569            | \$0.87  | \$362   | 6.1%     |
| VARIABLE EXPENSES            |                            |         |         |          |                      |         |         |          |
| Advertising                  | \$15,771                   | \$0.08  | \$33    | 0.4%     | \$99,536             | \$0.86  | \$358   | 6.0%     |
| Administrative/Miscellaneous | \$43,051                   | \$0.21  | \$90    | 1.0%     | \$54,470             | \$0.47  | \$196   | 3.3%     |
| Maintenance & Repairs        | \$374,948                  | \$1.83  | \$781   | 9.1%     | \$59,616             | \$0.51  | \$214   | 3.6%     |
| Utilities                    | \$440,131                  | \$2.15  | \$917   | 10.7%    | \$155,336            | \$1.34  | \$559   | 9.4%     |
| Payroll                      | \$453,642                  | \$2.21  | \$945   | 11.1%    | \$166,307            | \$1.43  | \$598   | 10.1%    |
| Management Fee               | \$108,000                  | \$0.53  | \$26    | 2.6%     | \$73,510             | \$0.63  | \$45    | 4.5%     |
| SUBTOTAL- VARIABLE           | \$1,435,543                | \$7.00  | \$2,991 | 35.0%    | \$608,775            | \$5.25  | \$2,190 | 36.9%    |
| TOTAL FIXED & VARIABLE       | \$1,491,180                | \$7.28  | \$3,107 | 36.3%    | \$709,345            | \$6.12  | \$2,552 | 43.0%    |
| Expenses as a % of EGI       |                            |         | 36.3%   |          |                      |         | 43.0%   |          |
| NET OPERATING INCOME         | \$2,612,428                | \$12.75 | \$5,443 | 63.7%    | \$942,112            | \$8.13  | \$3,389 | 57.0%    |

## Tier 1B Minimums, Maximums, and Averages

|                              | Per SF  |         |         | Per Bed |          |          | % of EGI |        |         |
|------------------------------|---------|---------|---------|---------|----------|----------|----------|--------|---------|
|                              | Min     | Max     | Average | Min     | Max      | Average  | Min      | Max    | Average |
| INCOME                       |         |         |         |         |          |          |          |        |         |
| Rental Income                | \$11.48 | \$34.45 | \$20.54 | \$5,657 | \$18,603 | \$9,884  | 86.3%    | 100.0% | 95.4%   |
| Other Income                 | \$0.00  | \$1.98  | \$0.94  | \$0     | \$1,693  | \$479    | 0.0%     | 13.7%  | 4.6%    |
| TOTAL INCOME                 | \$13.31 | \$35.24 | \$21.48 | \$5,940 | \$20,296 | \$10,364 | 100.0%   | 100.0% | 100.0%  |
| FIXED EXPENSES               |         |         |         |         |          |          |          |        |         |
| Property Taxes               | \$0.12  | \$5.43  | \$1.62  | \$51    | \$3,470  | \$947    | 0.6%     | 29.3%  | 8.1%    |
| Property Insurance           | \$0.15  | \$0.95  | \$0.44  | \$65    | \$620    | \$220    | 0.8%     | 4.0%   | 2.0%    |
| SUBTOTAL - FIXED             | \$0.27  | \$5.74  | \$2.06  | \$116   | \$4,090  | \$1,167  | 1.4%     | 31.0%  | 10.1%   |
| VARIABLE EXPENSES            |         |         |         |         |          |          |          |        |         |
| Advertising                  | \$0.04  | \$1.87  | \$0.48  | \$33    | \$576    | \$206    | 0.3%     | 6.0%   | 2.3%    |
| Administrative/Miscellaneous | \$0.15  | \$1.61  | \$0.63  | \$90    | \$667    | \$291    | 1.0%     | 6.7%   | 3.0%    |
| Maintenance & Repairs        | \$0.19  | \$2.74  | \$1.40  | \$147   | \$1,265  | \$663    | 1.2%     | 15.6%  | 6.6%    |
| Utilities                    | \$0.80  | \$2.15  | \$1.48  | \$467   | \$989    | \$686    | 3.3%     | 15.1%  | 7.6%    |
| Payroll                      | \$0.00  | \$2.21  | \$1.26  | \$0     | \$1,191  | \$637    | 0.0%     | 11.1%  | 6.9%    |
| Management Fee               | \$0.35  | \$2.83  | \$0.99  | 2.6%    | 9.0%     | 4.3%     | 2.6%     | 9.0%   | 4.3%    |
| SUBTOTAL- VARIABLE           | \$2.99  | \$9.84  | \$6.24  | \$1,935 | \$5,015  | \$2,942  | 18.4%    | 51.1%  | 30.6%   |
| TOTAL FIXED & VARIABLE       | \$4.16  | \$11.89 | \$8.29  | \$2,552 | \$9,105  | \$4,109  | 24.9%    | 64.2%  | 40.7%   |
| Expenses as a % of EGI       | 24.9%   | 64.2%   | 40.7%   | 24.9%   | 64.2%    | 40.7%    |          |        |         |
| NET OPERATING INCOME         | \$4.95  | \$26.47 | \$13.19 | \$2,437 | \$11,192 | \$6,254  | 35.8%    | 75.1%  | 59.3%   |

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## Reconciliation of Market Norms

The market norms are reconciled as described below. It is noted Comparables 1, 2, and 3 are generally considered the most credible comparables as these are local and relatively recent.

| Item                    | Per SF   | Per Bed | Comment   |
|-------------------------|--|---------|---|
| Other Income            | \$0.90   | \$500   | Some comparables do not indicate a separate allocation for other income. An expense above the per bed average is reasonable given that the typical Tier 1B development also features a commercial space component while most comparables do not. The per SF expense is generally consistent with the average. |
| Real Estate Taxes       | Given the intended use is for tax assessment purposes, a market norm will not be reconciled. Rather, the tax expense as a % of EGI is analyzed. The comparables indicate a wide range of 0.6% to 29.3%, and most appear within the range of 2.2% to 7.7%. However, it is noted that most comparables were new construction and may not have been fully assessed, contributing to lower tax expenses, and more significantly, among the fully assessed comparables, the two local comparables indicate the highest expenses of 29.3% and 17.1%, with all non-local comparables appearing significantly lower. It is thought that these non-local comparables were assessed with less accurate models for market value in use contributing to lower expenses. Based on the analysis of Tiers 2-4 as well, it is thought that the range of 17.1% to 29.3% is most credible, or could even be higher based on the Tier 2 data. |         |   |
| Insurance               | \$0.50   | \$300   | An expense above the per bed average is reasonable given the typical Tier 1B development also features a commercial space component while most comparables do not. The per SF expense is generally consistent with the average.   |
| Advertising & Marketing | \$0.40   | \$250   | An expense above the per bed average is reasonable given the typical Tier 1B development also features a commercial space component while most comparables do not. The per SF expense is generally consistent with the average.   |
| Administrative & Misc.  | \$0.60   | \$350   | An expense above the per bed average is reasonable given the typical Tier 1B development also features a commercial space component while most comparables do not. The per SF expense is generally consistent with the average.   |
| Repairs & Maintenance   | \$1.30   | \$800   | An expense above the per bed average is reasonable given the typical Tier 1B development also features a commercial space component while most comparables do not. The per SF expense is generally consistent with the average.   |
| Utilities               | \$1.20   | \$700   | An expense above the per bed average is reasonable given the typical Tier 1B development also features a commercial space component while most comparables do not. Also more weight is given to the local comparables. The per SF expense is generally consistent with the average.                           |

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|                |             |         |  |
|----------------|-------------|---------|--|
| Payroll        | \$1.60      | \$1,000 | Some comparables did not include payroll expenses. The averages of the most credible comparables are \$844 per bed and \$1.71 per SF. The two local comparables indicate an average of \$1,000 per bed and \$1.42 per SF. Reconciliation gives weight to both sets of averages.        |
| Management Fee | 5.0% of EGI |         | The most credible comparables indicate an expense near 5.0% which is deemed typical of the market.   |
| Expense Ratio  | ~ 37%       |         | The comparables indicate an average of 40.7%. Comparables 1 and 7 appear as relatively high outliers and Comparable 2 appears as a low outlier. The remaining comparables indicate an average of 36.5%. Overall, an expense ratio of approximately 37% is reconciled as a market norm. |

## INCOME AND EXPENSE ANALYSIS – TIER 2

The identities of the properties are kept confidential. Reconciling market norms for rental income is not within the scope of this appraisal, but full income data is presented to provide clarity on management fees and expense ratios.

## Tier 2 Income and Expense Comparables

Shown below are 11 income and expense comparables that are considered to fall within Tier 2.

| COMPARABLE<br>LOCATION<br>CAMPUS                 | Comparable 1<br>West Lafayette, IN<br>Purdue University |         |         |          | Comparable 2<br>West Lafayette, IN<br>Purdue University |         |          |          | Comparable 3<br>West Lafayette, IN<br>Purdue University |         |         |          | Comparable 4<br>West Lafayette, IN<br>Purdue University |         |         |          |
|--|---|---------|---------|----------|---|---------|----------|----------|---|---------|---------|----------|---|---------|---------|----------|
| USE  | Apartments and Commercial                               |         |         |          | Apartments and Commercial                               |         |          |          | Apartments  |         |         |          | Apartments  |         |         |          |
| PERIOD   | 2021 Actual   |         |         |          | 2021-2022 Actual  |         |          |          | 2021-2022 Actual  |         |         |          | 2020 Actual   |         |         |          |
| # UNITS  | 39  |         |         |          | 22  |         |          |          | 22  |         |         |          | 23  |         |         |          |
| # BEDS   | 90  |         |         |          | 22  |         |          |          | 52  |         |         |          | 51  |         |         |          |
| RENTABLE AREA (SF)                               | 45,436  |         |         |          | 17,644  |         |          |          | 23,525  |         |         |          | 24,324  |         |         |          |
| YEAR BUILT                                       | 2004  |         |         |          | 1997  |         |          |          | 2008  |         |         |          | 2010  |         |         |          |
| INCOME   | \$  | Per SF  | Per Bed | % of EGI | \$  | Per SF  | Per Bed  | % of EGI | \$  | Per SF  | Per Bed | % of EGI | \$  | Per SF  | Per Bed | % of EGI |
| Rental Income                                    | \$855,690   | \$18.83 | \$9,508 | 98.3%    | \$302,910   | \$17.17 | \$13,769 | 94.2%    | \$458,908   | \$19.51 | \$8,825 | 93.2%    | \$361,064   | \$14.84 | \$7,080 | 99.8%    |
| Other Income                                     | \$14,367  | \$0.32  | \$160   | 1.7%     | \$18,595  | \$1.05  | \$845    | 5.8%     | \$33,690  | \$1.43  | \$648   | 6.8%     | \$788   | \$0.03  | \$15    | 0.2%     |
| TOTAL INCOME                                     | \$870,057   | \$19.15 | \$9,667 | 100.0%   | \$321,505   | \$18.22 | \$14,614 | 100.0%   | \$492,598   | \$20.94 | \$9,473 | 100.0%   | \$361,852   | \$14.88 | \$7,095 | 100.0%   |
| FIXED EXPENSES                                   |   |         |         |          |   |         |          |          |   |         |         |          |   |         |         |          |
| Property Taxes                                   | \$268,166   | \$5.90  | \$2,980 | 30.8%    | \$81,808  | \$4.64  | \$3,719  | 25.4%    | \$102,338   | \$4.35  | \$1,968 | 20.8%    | \$93,446  | \$3.84  | \$1,832 | 25.8%    |
| Property Insurance                               | \$30,868  | \$0.68  | \$343   | 3.5%     | \$7,939   | \$0.45  | \$361    | 2.5%     | \$20,730  | \$0.88  | \$399   | 4.2%     | \$10,225  | \$0.42  | \$200   | 2.8%     |
| SUBTOTAL - FIXED                                 | \$299,034   | \$6.58  | \$3,323 | 34.4%    | \$89,746  | \$5.09  | \$4,079  | 27.9%    | \$123,068   | \$5.23  | \$2,367 | 25.0%    | \$103,671   | \$4.26  | \$2,033 | 28.7%    |
| VARIABLE EXPENSES                                |   |         |         |          |   |         |          |          |   |         |         |          |   |         |         |          |
| Advertising                                      | \$8,014   | \$0.18  | \$89    | 0.9%     | \$660   | \$0.04  | \$30     | 0.2%     | \$2,015   | \$0.09  | \$39    | 0.4%     | \$3,570   | \$0.15  | \$70    | 1.0%     |
| Administrative/Miscellaneous                     | \$4,325   | \$0.10  | \$48    | 0.5%     | \$1,276   | \$0.07  | \$58     | 0.4%     | \$9,614   | \$0.41  | \$185   | 2.0%     | \$0   | \$0.00  | \$0     | 0.0%     |
| Maintenance & Repairs                            | \$70,444  | \$1.55  | \$783   | 8.1%     | \$53,698  | \$3.04  | \$2,441  | 16.7%    | \$81,621  | \$3.47  | \$1,570 | 16.6%    | \$22,800  | \$0.94  | \$447   | 6.3%     |
| Utilities  | \$39,340  | \$0.87  | \$437   | 4.5%     | \$15,550  | \$0.88  | \$707    | 4.8%     | \$14,227  | \$0.60  | \$274   | 2.9%     | \$17,902  | \$0.74  | \$351   | 4.9%     |
| Payroll  | \$0   | \$0.00  | \$0     | 0.0%     | \$0   | \$0.00  | \$0      | 0.0%     | \$0   | \$0.00  | \$0     | 0.0%     | \$0   | \$0.00  | \$0     | 0.0%     |
| Management Fee                                   | \$43,673  | \$0.96  | \$5.0%  | 5.0%     | \$15,816  | \$0.90  | \$4.9%   | 4.9%     | \$23,558  | \$1.00  | \$4.8%  | 4.8%     | \$22,881  | \$0.94  | \$6.3%  | 6.3%     |
| SUBTOTAL - VARIABLE                              | \$165,796   | \$3.65  | \$1,842 | 19.1%    | \$87,000  | \$4.93  | \$3,955  | 27.1%    | \$131,034   | \$5.57  | \$2,520 | 26.6%    | \$67,153  | \$2.76  | \$1,317 | 18.6%    |
| TOTAL FIXED & VARIABLE<br>Expenses as a % of EGI | \$464,830   | \$10.23 | \$5,165 | 53.4%    | \$176,746   | \$10.02 | \$8,034  | 55.0%    | \$254,103   | \$10.80 | \$4,887 | 51.6%    | \$170,824   | \$7.02  | \$3,349 | 47.2%    |
| NET OPERATING INCOME                             | \$405,227   | \$8.92  | \$4,503 | 46.6%    | \$144,759   | \$8.20  | \$6,580  | 45.0%    | \$238,496   | \$10.14 | \$4,586 | 48.4%    | \$191,028   | \$7.85  | \$3,746 | 52.8%    |
| NOTES:   |   |         |         |          | Includes remodeling                                     |         |          |          | Includes remodeling                                     |         |         |          | GBA shown   |         |         |          |

| COMPARABLE<br>LOCATION<br>CAMPUS                 | Comparable 5<br>West Lafayette, IN<br>Purdue University |         |         |          | Comparable 6<br>West Lafayette, IN<br>Purdue University |         |         |          | Comparable 7<br>West Lafayette, IN<br>Purdue University |         |         |          | Comparable 8<br>Indianapolis, IN<br>University of Indianapolis |         |         |          |
|--|---|---------|---------|----------|---|---------|---------|----------|---|---------|---------|----------|--|---------|---------|----------|
| USE  | Apartments  |         |         |          | Apartments  |         |         |          | Apartments  |         |         |          | Apartments   |         |         |          |
| PERIOD   | 2019 Actual   |         |         |          | 2019 Actual   |         |         |          | 2019 Actual   |         |         |          | 2021-2022 Actual   |         |         |          |
| # UNITS  | 24  |         |         |          | 28  |         |         |          | 30  |         |         |          | 56   |         |         |          |
| # BEDS   | 54  |         |         |          | 54  |         |         |          | 30  |         |         |          | 168  |         |         |          |
| RENTABLE AREA (SF)                               | 20,148  |         |         |          | 20,498  |         |         |          | 18,816  |         |         |          | 50,312   |         |         |          |
| YEAR BUILT                                       | 2003  |         |         |          | 2011  |         |         |          | 1999  |         |         |          | 2006   |         |         |          |
| INCOME   | \$  | Per SF  | Per Bed | % of EGI | \$  | Per SF  | Per Bed | % of EGI | \$  | Per SF  | Per Bed | % of EGI | \$   | Per SF  | Per Bed | % of EGI |
| Rental Income                                    | \$405,223   | \$20.11 | \$7,504 | 98.0%    | \$441,676   | \$21.55 | \$8,179 | 99.7%    | \$240,386   | \$12.78 | \$8,013 | 99.1%    | \$1,243,245  | \$24.71 | \$7,400 | 100.0%   |
| Other Income                                     | \$8,297   | \$0.41  | \$154   | 2.0%     | \$1,220   | \$0.06  | \$23    | 0.3%     | \$2,188   | \$0.12  | \$73    | 0.9%     | \$0  | \$0.00  | \$0     | 0.0%     |
| TOTAL INCOME                                     | \$413,520   | \$20.52 | \$7,658 | 100.0%   | \$442,896   | \$21.61 | \$8,202 | 100.0%   | \$242,574   | \$12.89 | \$8,086 | 100.0%   | \$1,243,245  | \$24.71 | \$7,400 | 100.0%   |
| FIXED EXPENSES                                   |   |         |         |          |   |         |         |          |   |         |         |          |  |         |         |          |
| Property Taxes                                   | \$72,481  | \$3.60  | \$1,342 | 17.5%    | \$93,461  | \$4.56  | \$1,731 | 21.1%    | \$31,123  | \$1.65  | \$1,037 | 12.8%    | \$108,828  | \$2.16  | \$648   | 8.8%     |
| Property Insurance                               | \$9,487   | \$0.47  | \$176   | 2.3%     | \$12,666  | \$0.62  | \$235   | 2.9%     | \$7,642   | \$0.41  | \$255   | 3.2%     | \$12,047   | \$0.24  | \$72    | 1.0%     |
| SUBTOTAL - FIXED                                 | \$81,968  | \$4.07  | \$1,518 | 19.8%    | \$106,127   | \$5.18  | \$1,965 | 24.0%    | \$38,765  | \$2.06  | \$1,292 | 16.0%    | \$120,875  | \$2.40  | \$719   | 9.7%     |
| VARIABLE EXPENSES                                |   |         |         |          |   |         |         |          |   |         |         |          |  |         |         |          |
| Advertising                                      | \$3,240   | \$0.16  | \$60    | 0.8%     | \$3,240   | \$0.16  | \$60    | 0.7%     | \$1,800   | \$0.10  | \$60    | 0.7%     | \$6,489  | \$0.13  | \$39    | 0.5%     |
| Administrative/Miscellaneous                     | \$4,832   | \$0.24  | \$89    | 1.2%     | \$1,566   | \$0.08  | \$29    | 0.4%     | \$204   | \$0.01  | \$7     | 0.1%     | \$19,527   | \$0.39  | \$116   | 1.6%     |
| Maintenance & Repairs                            | \$34,476  | \$1.71  | \$638   | 8.3%     | \$24,563  | \$1.20  | \$455   | 5.5%     | \$25,080  | \$1.33  | \$836   | 10.3%    | \$79,032   | \$1.57  | \$470   | 6.4%     |
| Utilities  | \$20,777  | \$1.03  | \$385   | 5.0%     | \$18,237  | \$0.89  | \$338   | 4.1%     | \$17,638  | \$0.94  | \$588   | 7.3%     | \$167,628  | \$3.33  | \$998   | 13.5%    |
| Payroll  | \$0   | \$0.00  | \$0     | 0.0%     | \$0   | \$0.00  | \$0     | 0.0%     | \$0   | \$0.00  | \$0     | 0.0%     | \$154,770  | \$3.08  | \$921   | 12.4%    |
| Management Fee                                   | \$21,351  | \$1.06  | \$5.2%  | 5.2%     | \$25,733  | \$1.26  | \$5.8%  | 5.8%     | \$14,498  | \$0.77  | \$6.0%  | 6.0%     | \$54,000   | \$1.07  | \$4.3%  | 4.3%     |
| SUBTOTAL - VARIABLE                              | \$84,676  | \$4.20  | \$1,568 | 20.5%    | \$73,339  | \$3.58  | \$1,358 | 16.6%    | \$59,220  | \$3.15  | \$1,974 | 24.4%    | \$481,446  | \$9.57  | \$2,866 | 38.7%    |
| TOTAL FIXED & VARIABLE<br>Expenses as a % of EGI | \$166,644   | \$8.27  | \$3,086 | 40.3%    | \$179,466   | \$8.76  | \$3,323 | 40.5%    | \$97,985  | \$5.21  | \$3,266 | 40.4%    | \$602,321  | \$11.97 | \$3,585 | 48.4%    |
| NET OPERATING INCOME                             | \$246,876   | \$12.25 | \$4,572 | 59.7%    | \$263,430   | \$12.85 | \$4,878 | 59.5%    | \$144,589   | \$7.68  | \$4,820 | 59.6%    | \$640,924  | \$12.74 | \$3,815 | 51.6%    |
| NOTES:   |   |         |         |          |   |         |         |          |   |         |         |          |  |         |         |          |

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| COMPARABLE<br>LOCATION<br>CAMPUS                 | Comparable 9<br>Bloomington, IN<br>Indiana University |         |         |          | Comparable 10<br>Muncie, IN<br>Ball State University |         |         |          | Comparable 11<br>Bloomington, IN<br>Indiana University |        |         |          |
|--|---|---------|---------|----------|--|---------|---------|----------|--|--------|---------|----------|
| USE  | Apartments  |         |         |          | Apartments   |         |         |          | Apartments   |        |         |          |
| PERIOD   | 2021-2022 Actual                                      |         |         |          | 2020-2021 Actual                                     |         |         |          | 2021 Actual  |        |         |          |
| # UNITS  | 32  |         |         |          | 112  |         |         |          | 14   |        |         |          |
| # BEDS   | 46  |         |         |          | 240  |         |         |          | 42   |        |         |          |
| RENTABLE AREA (SF)                               | 23,654  |         |         |          | 111,168  |         |         |          | 20,348   |        |         |          |
| YEAR BUILT                                       | 1995  |         |         |          | 1996   |         |         |          | 1997   |        |         |          |
| INCOME   | \$  | Per SF  | Per Bed | % of EGI | \$   | Per SF  | Per Bed | % of EGI | \$   | Per SF | Per Bed | % of EGI |
| Rental Income                                    | \$402,672   | \$17.02 | \$8,754 | 89.3%    | \$1,037,922  | \$9.34  | \$4,325 | 91.8%    | \$165,390  | \$8.13 | \$3,938 | 92.3%    |
| Other Income                                     | \$48,496  | \$2.05  | \$1,054 | 10.7%    | \$92,829   | \$0.84  | \$387   | 8.2%     | \$13,748   | \$0.68 | \$327   | 7.7%     |
| TOTAL INCOME                                     | \$451,168   | \$19.07 | \$9,808 | 100.0%   | \$1,130,751  | \$10.17 | \$4,711 | 100.0%   | \$179,138  | \$8.80 | \$4,265 | 100.0%   |
| FIXED EXPENSES                                   |   |         |         |          |  |         |         |          |  |        |         |          |
| Property Taxes                                   | \$22,801  | \$0.96  | \$496   | 5.1%     | \$80,683   | \$0.73  | \$336   | 7.1%     | \$20,291   | \$1.00 | \$483   | 11.3%    |
| Property Insurance                               | \$10,663  | \$0.45  | \$232   | 2.4%     | \$44,759   | \$0.40  | \$186   | 4.0%     | \$8,104  | \$0.40 | \$193   | 4.5%     |
| SUBTOTAL - FIXED                                 | \$33,464  | \$1.41  | \$727   | 7.4%     | \$125,442  | \$1.13  | \$523   | 11.1%    | \$28,395   | \$1.40 | \$676   | 15.9%    |
| VARIABLE EXPENSES                                |   |         |         |          |  |         |         |          |  |        |         |          |
| Advertising                                      | \$9,819   | \$0.42  | \$213   | 2.2%     | \$7,816  | \$0.07  | \$33    | 0.7%     | \$0  | \$0.00 | \$0     | 0.0%     |
| Administrative/Miscellaneous                     | \$12,463  | \$0.53  | \$271   | 2.8%     | \$26,290   | \$0.24  | \$110   | 2.3%     | \$81   | \$0.00 | \$2     | 0.0%     |
| Maintenance & Repairs                            | \$24,290  | \$1.03  | \$528   | 5.4%     | \$46,027   | \$0.41  | \$192   | 4.1%     | \$65,039   | \$3.20 | \$1,549 | 36.3%    |
| Utilities  | \$46,839  | \$1.98  | \$1,018 | 10.4%    | \$117,671  | \$1.06  | \$490   | 10.4%    | \$10,590   | \$0.52 | \$252   | 5.9%     |
| Payroll  | \$31,655  | \$1.34  | \$688   | 7.0%     | \$132,000  | \$1.19  | \$550   | 11.7%    | \$0  | \$0.00 | \$0     | 0.0%     |
| Management Fee                                   | \$22,698  | \$0.96  | \$506   | 5.0%     | \$65,867   | \$0.59  | \$58    | 5.8%     | \$16,539   | \$0.81 | \$92    | 9.2%     |
| SUBTOTAL- VARIABLE                               | \$147,764   | \$6.25  | \$3,212 | 32.8%    | \$395,671  | \$3.56  | \$1,649 | 35.0%    | \$92,249   | \$4.53 | \$2,196 | 51.5%    |
| TOTAL FIXED & VARIABLE<br>Expenses as a % of EGI | \$181,228   | \$7.66  | \$3,940 | 40.2%    | \$521,113  | \$4.69  | \$2,171 | 46.1%    | \$120,644  | \$5.93 | \$2,872 | 67.3%    |
| NET OPERATING INCOME                             | \$269,940   | \$11.41 | \$5,868 | 59.8%    | \$609,638  | \$5.48  | \$2,540 | 53.9%    | \$58,494   | \$2.87 | \$1,393 | 32.7%    |
| NOTES:   |   |         |         |          |  |         |         |          |  |        |         |          |

### Tier 2 Minimums, Maximums, and Averages

|  | Per SF |         |         | Per Bed |          |         | % of EGI |        |         |
|--|--------|---------|---------|---------|----------|---------|----------|--------|---------|
|  | Min    | Max     | Average | Min     | Max      | Average | Min      | Max    | Average |
| INCOME   |        |         |         |         |          |         |          |        |         |
| Rental Income                                    | \$8.13 | \$24.71 | \$16.73 | \$3,938 | \$13,769 | \$7,936 | 89.3%    | 100.0% | 96.0%   |
| Other Income                                     | \$0.00 | \$2.05  | \$0.63  | \$0     | \$1,054  | \$335   | 0.0%     | 10.7%  | 4.0%    |
| TOTAL INCOME                                     | \$8.80 | \$24.71 | \$17.36 | \$4,265 | \$14,614 | \$8,271 | 100.0%   | 100.0% | 100.0%  |
| FIXED EXPENSES                                   |        |         |         |         |          |         |          |        |         |
| Property Taxes                                   | \$0.73 | \$5.90  | \$3.04  | \$336   | \$3,719  | \$1,507 | 5.1%     | 30.8%  | 17.0%   |
| Property Insurance                               | \$0.24 | \$0.88  | \$0.49  | \$72    | \$399    | \$241   | 1.0%     | 4.5%   | 3.0%    |
| SUBTOTAL - FIXED                                 | \$1.13 | \$6.58  | \$3.53  | \$523   | \$4,079  | \$1,748 | 7.4%     | 34.4%  | 20.0%   |
| VARIABLE EXPENSES                                |        |         |         |         |          |         |          |        |         |
| Advertising                                      | \$0.00 | \$0.42  | \$0.13  | \$0     | \$213    | \$63    | 0.0%     | 2.2%   | 0.7%    |
| Administrative/Miscellaneous                     | \$0.00 | \$0.53  | \$0.19  | \$0     | \$271    | \$83    | 0.0%     | 2.8%   | 1.0%    |
| Maintenance & Repairs                            | \$0.41 | \$3.47  | \$1.77  | \$192   | \$2,441  | \$901   | 4.1%     | 36.3%  | 11.3%   |
| Utilities  | \$0.52 | \$3.33  | \$1.17  | \$252   | \$1,018  | \$531   | 2.9%     | 13.5%  | 6.7%    |
| Payroll  | \$0.00 | \$3.08  | \$0.51  | \$0     | \$921    | \$196   | 0.0%     | 12.4%  | 2.8%    |
| Management Fee                                   | 4.3%   | 9.2%    | 5.7%    | 4.3%    | 9.2%     | 5.7%    | 4.3%     | 9.2%   | 5.7%    |
| SUBTOTAL- VARIABLE                               | \$2.76 | \$9.57  | \$4.70  | \$1,317 | \$3,955  | \$2,223 | 16.6%    | 51.5%  | 28.2%   |
| TOTAL FIXED & VARIABLE<br>Expenses as a % of EGI | \$4.69 | \$11.97 | \$8.23  | \$2,171 | \$8,034  | \$3,971 | 40.2%    | 67.3%  | 48.2%   |
| NET OPERATING INCOME                             | \$2.87 | \$12.85 | \$9.13  | \$1,393 | \$6,580  | \$4,300 | 32.7%    | 59.8%  | 51.8%   |

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## Reconciliation of Market Norms

The market norms are reconciled as described below. It is noted that Comparables 1-7 are considered the most credible as these are local and relatively recent.

| Item                    | Per SF  | Per Bed | Comment   |
|-------------------------|---|---------|---|
| Other Income            | \$0.50  | \$300   | Other income among the comparables varies widely. This income is likely primarily a function of high-density parking which generates significant additional rent beyond pet fees, late fees, etc. The most credible comparables indicate an average of \$274 per bed and \$0.49 per SF. |
| Real Estate Taxes       | Given the intended use is for tax assessment purposes, a market norm will not be reconciled. Rather, the tax expense as a % of EGI is analyzed. The comparables indicate a wide range of 5.1% to 30.8%. Similar to the Tier 1B discussion, the local comparables indicate the highest amounts, with a range of 12.8% to 30.8% and average of 22.0%. It is again thought that the non-local comparables were assessed with less accurate models contributing to lower tax expenses. The local comparables indicate a range of 12.8% to 30.8%, and Comparable 7 appears as a relatively low outlier at 12.8%, with the remaining comparables indicating a range of 17.5% to 30.8%, which is considered the most credible range and notably commensurate with the Tier 1B range as well. |         |   |
| Insurance               | \$0.60  | \$300   | The most credible comparables indicate expenses above the average, so an expense above the per bed and per SF averages is reconciled.   |
| Advertising & Marketing | \$0.15  | \$60    | The most credible comparables indicate an average of \$58 per bed and \$0.12 per SF, which is generally consistent with the full sample. Reconciliation is near these values.   |
| Administrative & Misc.  | \$0.15  | \$60    | The most credible comparables indicate an average of \$59 per bed and \$0.13 per SF, which is generally consistent with the full sample. Reconciliation is near these values.   |
| Repairs & Maintenance   | \$1.40  | \$750   | It is noted Comparables 2 and 3 indicated expenses that included remodeling which would be considered capital expenditures and therefore inflate the average shown. Reconciliation is therefore below the averages.   |
| Utilities               | \$0.90  | \$450   | The most credible comparables indicate an average of \$450 per bed and \$0.85 per SF, which is lower than the full sample. Reconciliation is between these averages.  |

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|                |             |     |  |
|----------------|-------------|-----|--|
| Payroll        | \$0.00      | \$0 | Only 3 comparable indicated a separate payroll expense and 2 of them are the largest properties presented. Based on the market, whether payroll expense is applied is a product of the property scope. The typical Tier 2 development is not large enough to warrant a payroll expense so no expense is applied. |
| Management Fee | 5.0% of EGI |     | The most credible comparables indicate an expense near 5.0% which is deemed typical of the market.   |
| Expense Ratio  | ~ 45%       |     | The comparables indicate an average of 48.2%. Comparables 2 and 3 have inflated maintenance expenses that included remodeling and Comparable 11 appears as a high outlier. The remaining comparables indicate an average of 44.6%. Overall, an expense ratio of approximately 45% is reconciled.                 |

## INCOME AND EXPENSE ANALYSIS – TIER 3

The identities of the properties are kept confidential. Reconciling market norms for rental income is not within the scope of this appraisal, but full income data is presented to provide clarity on management fees and expense ratios.

### Tier 3 Income and Expense Comparables

Shown below are 13 income and expense comparables that are considered to fall within Tier 3.

| COMPARABLE<br>LOCATION<br>CAMPUS                 | Comparable 1<br>West Lafayette, IN<br>Purdue University |         |          | Comparable 2<br>West Lafayette, IN<br>Purdue University |         |          | Comparable 3<br>West Lafayette, IN<br>Purdue University |         |          | Comparable 4<br>West Lafayette, IN<br>Purdue University |         |          | Comparable 5<br>West Lafayette, IN<br>Purdue University |         |          |
|--|---|---------|----------|---|---------|----------|---|---------|----------|---|---------|----------|---|---------|----------|
| PERIOD   | 2021-2022 Actual  |         |          | 2021-2022 Actual  |         |          | 2021 Actual   |         |          | 2021 Actual   |         |          | 2020 Actual   |         |          |
| # UNITS  | 7   |         |          | 10  |         |          | 19  |         |          | 5   |         |          | 21  |         |          |
| # BEDS   | 28  |         |          | 38  |         |          | 74  |         |          | 20  |         |          | 45  |         |          |
| RENTABLE AREA (SF)                               | 7,700   |         |          | 8,100   |         |          | 16,700  |         |          | 5,250   |         |          | 18,324  |         |          |
| YEAR BUILT                                       | 1984  |         |          | 1985  |         |          | 1983  |         |          | 1985  |         |          | 1991  |         |          |
| INCOME   | \$  | Per Bed | % of EGI | \$  | Per Bed | % of EGI | \$  | Per Bed | % of EGI | \$  | Per Bed | % of EGI | \$  | Per Bed | % of EGI |
| Rental Income                                    | \$164,205   | \$5,864 | 94.3%    | \$223,678   | \$5,886 | 96.4%    | \$346,133   | \$4,677 | 98.1%    | \$118,436   | \$5,922 | 91.8%    | \$259,755   | \$5,772 | 98.5%    |
| Other Income                                     | \$9,866   | \$352   | 5.7%     | \$8,431   | \$222   | 3.6%     | \$6,763   | \$91    | 1.9%     | \$10,526  | \$526   | 8.2%     | \$4,071   | \$90    | 1.5%     |
| TOTAL INCOME                                     | \$174,071   | \$6,217 | 100.0%   | \$232,109   | \$6,108 | 100.0%   | \$352,896   | \$4,769 | 100.0%   | \$128,962   | \$6,448 | 100.0%   | \$263,826   | \$5,863 | 100.0%   |
| FIXED EXPENSES                                   |   |         |          |   |         |          |   |         |          |   |         |          |   |         |          |
| Property Taxes                                   | \$30,216  | \$1,079 | 17.4%    | \$25,989  | \$684   | 11.2%    | \$53,521  | \$723   | 15.2%    | \$17,763  | \$888   | 13.8%    | \$48,840  | \$1,085 | 18.5%    |
| Property Insurance                               | \$10,102  | \$361   | 5.8%     | \$7,120   | \$187   | 3.1%     | \$6,041   | \$82    | 1.7%     | \$3,781   | \$189   | 2.9%     | \$14,873  | \$331   | 5.6%     |
| SUBTOTAL - FIXED                                 | \$40,318  | \$1,440 | 23.2%    | \$33,109  | \$871   | 14.3%    | \$59,561  | \$805   | 16.9%    | \$21,544  | \$1,077 | 16.7%    | \$63,713  | \$1,416 | 24.1%    |
| VARIABLE EXPENSES                                |   |         |          |   |         |          |   |         |          |   |         |          |   |         |          |
| Advertising                                      | \$859   | \$31    | 0.5%     | \$1,140   | \$30    | 0.5%     | \$2,220   | \$30    | 0.6%     | \$1,400   | \$70    | 1.1%     | \$0   | \$0     | 0.0%     |
| Administrative/Miscellaneous                     | \$1,369   | \$49    | 0.8%     | \$4,668   | \$123   | 2.0%     | \$31,510  | \$426   | 8.9%     | \$3,911   | \$196   | 3.0%     | \$0   | \$0     | 0.0%     |
| Maintenance & Repairs                            | \$20,664  | \$738   | 11.9%    | \$18,325  | \$482   | 7.9%     | \$28,800  | \$389   | 8.2%     | \$14,876  | \$744   | 11.5%    | \$20,503  | \$456   | 7.8%     |
| Utilities  | \$3,534   | \$126   | 2.0%     | \$13,431  | \$353   | 5.8%     | \$14,965  | \$202   | 4.2%     | \$8,509   | \$425   | 6.6%     | \$17,458  | \$388   | 6.6%     |
| Payroll  | \$0   | \$0     | 0.0%     | \$0   | \$0     | 0.0%     | \$0   | \$0     | 0.0%     | \$0   | \$0     | 0.0%     | \$0   | \$0     | 0.0%     |
| Management Fee                                   | \$13,574  | \$7.8%  | 7.8%     | \$11,554  | \$5.0%  | 5.0%     | \$14,510  | \$4.1%  | 4.1%     | \$8,240   | \$6.4%  | 6.4%     | \$5,974   | \$2.3%  | 2.3%     |
| SUBTOTAL - VARIABLE                              | \$40,001  | \$1,429 | 23.0%    | \$49,118  | \$1,293 | 21.2%    | \$92,005  | \$1,243 | 26.1%    | \$36,936  | \$1,847 | 28.6%    | \$43,935  | \$976   | 16.7%    |
| TOTAL FIXED & VARIABLE<br>Expenses as a % of EGI | \$80,319  | \$2,869 | 46.1%    | \$82,227  | \$2,164 | 35.4%    | \$151,566   | \$2,048 | 42.9%    | \$58,480  | \$2,924 | 45.3%    | \$107,648   | \$2,392 | 40.8%    |
| NET OPERATING INCOME                             | \$93,752  | \$3,348 | 53.9%    | \$149,882   | \$3,944 | 64.6%    | \$201,330   | \$2,721 | 57.1%    | \$70,482  | \$3,524 | 54.7%    | \$156,178   | \$3,471 | 59.2%    |

NOTES:

| COMPARABLE<br>LOCATION<br>CAMPUS                 | Comparable 6<br>West Lafayette, IN<br>Purdue University |         |          | Comparable 7<br>West Lafayette, IN<br>Purdue University |         |          | Comparable 8<br>West Lafayette, IN<br>Purdue University |         |          | Comparable 9<br>West Lafayette, IN<br>Purdue University |         |          | Comparable 10<br>West Lafayette, IN<br>Purdue University |         |          |
|--|---|---------|----------|---|---------|----------|---|---------|----------|---|---------|----------|--|---------|----------|
| PERIOD   | 2020 Actual   |         |          | 2020 Actual   |         |          | 2020 Actual   |         |          | 2019 Actual   |         |          | 2019 Actual  |         |          |
| # UNITS  | 22  |         |          | 16  |         |          | 18  |         |          | 23  |         |          | 23   |         |          |
| # BEDS   | 43  |         |          | 46  |         |          | 26  |         |          | 92  |         |          | 92   |         |          |
| RENTABLE AREA (SF)                               | 13,990  |         |          | 15,190  |         |          | 8,400   |         |          | 20,930  |         |          | 22,080   |         |          |
| YEAR BUILT                                       | 1987  |         |          | 1965/1989   |         |          | 1998  |         |          | 1987  |         |          | 1986   |         |          |
| INCOME   | \$  | Per Bed | % of EGI | \$  | Per Bed | % of EGI | \$  | Per Bed | % of EGI | \$  | Per Bed | % of EGI | \$   | Per Bed | % of EGI |
| Rental Income                                    | \$231,808   | \$5,391 | 94.9%    | \$267,210   | \$5,809 | 92.9%    | \$159,528   | \$6,136 | 97.4%    | \$428,136   | \$4,654 | 97.8%    | \$469,394  | \$5,102 | 88.7%    |
| Other Income                                     | \$12,482  | \$290   | 5.1%     | \$20,548  | \$447   | 7.1%     | \$4,336   | \$167   | 2.6%     | \$9,660   | \$105   | 2.2%     | \$59,623   | \$648   | 11.3%    |
| TOTAL INCOME                                     | \$244,290   | \$5,681 | 100.0%   | \$287,758   | \$6,256 | 100.0%   | \$163,864   | \$6,302 | 100.0%   | \$437,796   | \$4,759 | 100.0%   | \$529,017  | \$5,750 | 100.0%   |
| FIXED EXPENSES                                   |   |         |          |   |         |          |   |         |          |   |         |          |  |         |          |
| Property Taxes                                   | \$53,726  | \$1,249 | 22.0%    | \$48,087  | \$1,045 | 16.7%    | \$27,648  | \$1,063 | 16.9%    | \$56,101  | \$610   | 12.8%    | \$93,582   | \$1,017 | 17.7%    |
| Property Insurance                               | \$6,464   | \$150   | 2.6%     | \$11,912  | \$259   | 4.1%     | \$2,287   | \$88    | 1.4%     | \$7,974   | \$87    | 1.8%     | \$20,373   | \$221   | 3.9%     |
| SUBTOTAL - FIXED                                 | \$60,190  | \$1,400 | 24.6%    | \$59,999  | \$1,304 | 20.9%    | \$29,935  | \$1,151 | 18.3%    | \$64,075  | \$696   | 14.6%    | \$113,955  | \$1,239 | 21.5%    |
| VARIABLE EXPENSES                                |   |         |          |   |         |          |   |         |          |   |         |          |  |         |          |
| Advertising                                      | \$3,010   | \$70    | 1.2%     | \$3,041   | \$66    | 1.1%     | \$195   | \$8     | 0.1%     | \$0   | \$0     | 0.0%     | \$0  | \$0     | 0.0%     |
| Administrative/Miscellaneous                     | \$0   | \$0     | 0.0%     | \$0   | \$0     | 0.0%     | \$1,508   | \$58    | 0.9%     | \$5,520   | \$60    | 1.3%     | \$55,516   | \$603   | 10.5%    |
| Maintenance & Repairs                            | \$21,929  | \$510   | 9.0%     | \$6,345   | \$138   | 2.2%     | \$4,182   | \$161   | 2.6%     | \$59,932  | \$651   | 13.7%    | \$30,590   | \$333   | 5.8%     |
| Utilities  | \$13,903  | \$323   | 5.7%     | \$13,906  | \$302   | 4.8%     | \$11,449  | \$440   | 7.0%     | \$17,682  | \$192   | 4.0%     | \$35,235   | \$383   | 6.7%     |
| Payroll  | \$0   | \$0     | 0.0%     | \$0   | \$0     | 0.0%     | \$0   | \$0     | 0.0%     | \$0   | \$0     | 0.0%     | \$0  | \$0     | 0.0%     |
| Management Fee                                   | \$20,566  | \$8.4%  | 8.4%     | \$33,016  | \$11.5% | 11.5%    | \$7,227   | \$4.4%  | 4.4%     | \$34,451  | \$7.9%  | 7.9%     | \$66,365   | \$12.5% | 12.5%    |
| SUBTOTAL - VARIABLE                              | \$59,408  | \$1,382 | 24.3%    | \$56,308  | \$1,224 | 19.6%    | \$24,561  | \$945   | 15.0%    | \$117,585   | \$1,278 | 26.9%    | \$187,706  | \$2,040 | 35.5%    |
| TOTAL FIXED & VARIABLE<br>Expenses as a % of EGI | \$119,598   | \$2,781 | 49.0%    | \$116,307   | \$2,528 | 40.4%    | \$54,496  | \$2,096 | 33.3%    | \$181,660   | \$1,975 | 41.5%    | \$301,661  | \$3,279 | 57.0%    |
| NET OPERATING INCOME                             | \$124,692   | \$2,900 | 51.0%    | \$171,451   | \$3,727 | 59.6%    | \$109,368   | \$4,206 | 66.7%    | \$256,136   | \$2,784 | 58.5%    | \$227,356  | \$2,471 | 43.0%    |

NOTES:

Admin. + marketing combined

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| COMPARABLE<br>LOCATION<br>CAMPUS                        | Comparable 11<br>West Lafayette, IN<br>Purdue University |         |          | Comparable 12<br>West Lafayette, IN<br>Purdue University |         |          | Comparable 13<br>West Lafayette, IN<br>Purdue University |         |          |
|---|--|---------|----------|--|---------|----------|--|---------|----------|
| PERIOD  | 2019 Actual  |         |          | 2017 Actual  |         |          | 2017 Actual  |         |          |
| # UNITS   | 11   |         |          | 24   |         |          | 26   |         |          |
| # BEDS  | 35   |         |          | 59   |         |          | 78   |         |          |
| RENTABLE AREA (SF)                                      | 8,830  |         |          | 19,410   |         |          | 23,340   |         |          |
| YEAR BUILT  | 1988   |         |          | 1981   |         |          | 1982/1984  |         |          |
| INCOME  | \$   | Per Bed | % of EGI | \$   | Per Bed | % of EGI | \$   | Per Bed | % of EGI |
| Rental Income   | \$178,820  | \$5,109 | 88.7%    | \$330,225  | \$5,597 | 98.7%    | \$430,657  | \$5,521 | 99.0%    |
| Other Income  | \$22,683   | \$648   | 11.3%    | \$4,511  | \$76    | 1.3%     | \$4,375  | \$56    | 1.0%     |
| TOTAL INCOME  | \$201,503  | \$5,757 | 100.0%   | \$334,736  | \$5,673 | 100.0%   | \$435,032  | \$5,577 | 100.0%   |
| FIXED EXPENSES  |  |         |          |  |         |          |  |         |          |
| Property Taxes  | \$35,602   | \$1,017 | 17.7%    | \$53,055   | \$899   | 15.8%    | \$68,293   | \$876   | 15.7%    |
| Property Insurance                                      | \$7,750  | \$221   | 3.8%     | \$7,103  | \$120   | 2.1%     | \$7,948  | \$102   | 1.8%     |
| SUBTOTAL - FIXED  | \$43,352   | \$1,239 | 21.5%    | \$60,158   | \$1,020 | 18.0%    | \$76,241   | \$977   | 17.5%    |
| VARIABLE EXPENSES                                       |  |         |          |  |         |          |  |         |          |
| Advertising   | \$0  | \$0     | 0.0%     | \$3,245  | \$55    | 1.0%     | \$4,742  | \$61    | 1.1%     |
| Administrative/Miscellaneous                            | \$25,306   | \$723   | 12.6%    | \$0  | \$0     | 0.0%     | \$0  | \$0     | 0.0%     |
| Maintenance & Repairs                                   | \$11,637   | \$332   | 5.8%     | \$48,249   | \$818   | 14.4%    | \$89,212   | \$1,144 | 20.5%    |
| Utilities   | \$13,404   | \$383   | 6.7%     | \$14,632   | \$248   | 4.4%     | \$15,642   | \$201   | 3.6%     |
| Payroll   | \$0  | \$0     | 0.0%     | \$0  | \$0     | 0.0%     | \$0  | \$0     | 0.0%     |
| Management Fee  | \$25,248   | \$723   | 12.5%    | \$21,690   | \$367   | 6.5%     | \$28,132   | \$360   | 6.5%     |
| SUBTOTAL- VARIABLE                                      | \$75,595   | \$2,160 | 37.5%    | \$87,816   | \$1,488 | 26.2%    | \$137,728  | \$1,766 | 31.7%    |
| TOTAL FIXED & VARIABLE<br><i>Expenses as a % of EGI</i> | \$118,947  | \$3,398 | 59.0%    | \$147,974  | \$2,508 | 44.2%    | \$213,969  | \$2,743 | 49.2%    |
| NET OPERATING INCOME                                    | \$82,556   | \$2,359 | 41.0%    | \$186,762  | \$3,165 | 55.8%    | \$221,063  | \$2,834 | 50.8%    |
| NOTES:  | Admin. + marketing combined                              |         |          |  |         |          |  |         |          |

## Tier 3 Minimums, Maximums, and Averages

|   | Per Bed |         |         | % of EGI |        |         |
|---|---------|---------|---------|----------|--------|---------|
| INCOME  | Min     | Max     | Average | Min      | Max    | Average |
| Rental Income   | \$4,654 | \$6,136 | \$5,495 | 88.7%    | 99.0%  | 95.2%   |
| Other Income  | \$56    | \$648   | \$286   | 1.0%     | 11.3%  | 4.8%    |
| TOTAL INCOME  | \$4,759 | \$6,448 | \$5,782 | 100.0%   | 100.0% | 100.0%  |
| FIXED EXPENSES  |         |         |         |          |        |         |
| Property Taxes  | \$610   | \$1,249 | \$941   | 11.2%    | 22.0%  | 16.3%   |
| Property Insurance                                      | \$82    | \$361   | \$184   | 1.4%     | 5.8%   | 3.1%    |
| SUBTOTAL - FIXED  | \$696   | \$1,440 | \$1,126 | 14.3%    | 24.6%  | 19.4%   |
| VARIABLE EXPENSES                                       |         |         |         |          |        |         |
| Advertising   | \$0     | \$70    | \$32    | 0.0%     | 1.2%   | 0.6%    |
| Administrative/Miscellaneous                            | \$0     | \$723   | \$172   | 0.0%     | 12.6%  | 3.1%    |
| Maintenance & Repairs                                   | \$138   | \$1,144 | \$530   | 2.2%     | 20.5%  | 9.3%    |
| Utilities   | \$126   | \$440   | \$305   | 2.0%     | 7.0%   | 5.2%    |
| Payroll   | \$0     | \$0     | \$0     | 0.0%     | 0.0%   | 0.0%    |
| Management Fee  | 2.3%    | 12.5%   | 7.4%    | 2.3%     | 12.5%  | 7.4%    |
| SUBTOTAL- VARIABLE                                      | \$945   | \$2,160 | \$1,467 | 15.0%    | 37.5%  | 25.5%   |
| TOTAL FIXED & VARIABLE<br><i>Expenses as a % of EGI</i> | \$1,975 | \$3,398 | \$2,593 | 33.3%    | 59.0%  | 44.9%   |
| NET OPERATING INCOME                                    | \$2,359 | \$4,206 | \$3,189 | 41.0%    | 66.7%  | 55.1%   |

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## Reconciliation of Market Norms

The market norms are reconciled as described below. It is noted that Comparables 1-11 are considered the most credible as these are the most recent, but others are given more or less weight depending on the apparent credibility of specific expenses.

| Item                    | Per Bed | Comment  |
|-------------------------|---------|--|
| Other Income            | \$250   | Other income among the comparables varies widely. This income is likely primarily a function of high-density parking which generates significant additional rent beyond pet fees, late fees, etc. The whole sample indicates an average of \$286 per bed while the most credible comparables indicate an average of \$255 per bed, so an income near the most credible average is reconciled.  |
| Real Estate Taxes       |         | Given the intended use is for tax assessment purposes, a market norm will not be reconciled. Rather, the tax expense as a % of EGI is analyzed. Unlike Tiers 1B and 2, all Tier 3 comparables are local and campus-proximate. The comparables indicate a much tighter range of 11.2% to 22.0% with an average of 16.3%. If there is any outlier, it's Comparable 6 at a relatively high 22.0% where all other comparables are lower than 17.7%. The lower end of this range indicated by the comparables is therefore considered most credible for Tier 3. |
| Insurance               | \$200   | The whole sample indicates an average of \$184 per bed while the most credible comparables indicate an average of \$193 per bed, so an expense near these is reconciled.   |
| Advertising & Marketing | \$50    | The whole sample indicates an average of \$32 per bed but it is noted some comparables do not indicate marketing expenses. Comparables 10 and 11 specifically were reported to have marketing expenses included with administrative. The most credible comparables indicate an average of \$49 per bed, so an expense near this is reconciled.   |
| Administrative & Misc.  | \$150   | The whole sample indicates an average of \$172 per bed but it is noted some comparables do not indicate marketing expenses, and Comparables 10 and 11 specifically were reported to have marketing expenses included with administrative. The most credible comparables indicate an average of \$152 per bed, so an expense near this is reconciled.   |
| Repairs & Maintenance   | \$500   | The whole sample indicates an average of \$530 per bed while the most credible comparables indicate an average of \$460 per bed, so an expense near these is reconciled.   |
| Utilities               | \$320   | The whole sample indicates an average of \$305 per bed while the most credible comparables indicate an average of \$314 per bed, so an expense near these is reconciled.   |

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|                |       |   |
|----------------|-------|---|
| Payroll        | \$0   | None of the comparables indicated a payroll expense. Based on the market, whether payroll expense is applied is a product of the property scope. The typical Tier 3 development is not large enough to warrant a payroll expense so no expense is applied.                        |
| Management Fee | 7.0%  | The whole sample indicates an average of 7.4% EGI while the most credible comparables indicate an average of 6.9% EGI, so an expense near these is reconciled.  |
| Expense Ratio  | ~ 43% | The whole sample indicates an average of 44.9%. Comparables 10 and 11 appear as outliers at 57.0% and 59.0%, and Comparables . The most credible comparables indicate an average of 42.6% expense ratio, so an expense ratio of approximately 43% is reconciled as a market norm. |

## INCOME AND EXPENSE ANALYSIS – TIER 4

The identities of the properties are kept confidential. Reconciling market norms for rental income is not within the scope of this appraisal, but full income data is presented to provide clarity on management fees and expense ratios.

## Tier 4 Income and Expense Comparables

Shown below are 12 income and expense comparables that are considered to fall within Tier 4.

| COMPARABLE<br>LOCATION<br>CAMPUS                 | Comparable 1<br>West Lafayette, IN<br>Purdue University |         |          | Comparable 2<br>West Lafayette, IN<br>Purdue University |         |          | Comparable 3<br>West Lafayette, IN<br>Purdue University |         |          | Comparable 4<br>West Lafayette, IN<br>Purdue University |         |          | Comparable 5<br>West Lafayette, IN<br>Purdue University |         |          |
|--|---|---------|----------|---|---------|----------|---|---------|----------|---|---------|----------|---|---------|----------|
| PERIOD   | 2021 Actual   |         |          | 2020 Actual   |         |          | 2021 Actual   |         |          | 2017 Actual   |         |          | 2020 Actual   |         |          |
| # UNITS  | 6   |         |          | 7   |         |          | 6   |         |          | 8   |         |          | 3   |         |          |
| # BEDS   | 10  |         |          | 10  |         |          | 6   |         |          | 8   |         |          | 8   |         |          |
| RENTABLE AREA (SF)                               | 4,250   |         |          | 3,150   |         |          | 2,040   |         |          | 5,200   |         |          | 2,464   |         |          |
| YEAR BUILT                                       | 1920  |         |          | 1930  |         |          | 1910  |         |          | 1972  |         |          | 1925  |         |          |
| INCOME   | \$  | Per Bed | % of EGI | \$  | Per Bed | % of EGI | \$  | Per Bed | % of EGI | \$  | Per Bed | % of EGI | \$  | Per Bed | % of EGI |
| Rental Income                                    | \$63,446  | \$6,345 | 96.1%    | \$65,694  | \$6,569 | 92.3%    | \$54,170  | \$9,028 | 98.8%    | \$60,507  | \$7,563 | 93.2%    | \$55,090  | \$6,886 | 100.0%   |
| Other Income                                     | \$2,565   | \$257   | 3.9%     | \$5,448   | \$545   | 7.7%     | \$651   | \$109   | 1.2%     | \$4,422   | \$553   | 6.8%     | \$0   | \$0     | 0.0%     |
| TOTAL INCOME                                     | \$66,011  | \$6,601 | 100.0%   | \$71,142  | \$7,114 | 100.0%   | \$54,821  | \$9,137 | 100.0%   | \$64,929  | \$8,116 | 100.0%   | \$55,090  | \$6,886 | 100.0%   |
| FIXED EXPENSES                                   |   |         |          |   |         |          |   |         |          |   |         |          |   |         |          |
| Property Taxes                                   | \$12,059  | \$1,206 | 18.3%    | \$10,445  | \$1,045 | 14.7%    | \$7,755   | \$1,293 | 14.1%    | \$10,589  | \$1,324 | 16.3%    | \$5,382   | \$673   | 9.8%     |
| Property Insurance                               | \$3,799   | \$380   | 5.8%     | \$1,483   | \$148   | 2.1%     | \$1,492   | \$249   | 2.7%     | \$2,385   | \$298   | 3.7%     | \$2,024   | \$253   | 3.7%     |
| SUBTOTAL - FIXED                                 | \$15,858  | \$1,586 | 24.0%    | \$11,928  | \$1,193 | 16.8%    | \$9,247   | \$1,541 | 16.9%    | \$12,974  | \$1,622 | 20.0%    | \$7,406   | \$926   | 13.4%    |
| VARIABLE EXPENSES                                |   |         |          |   |         |          |   |         |          |   |         |          |   |         |          |
| Advertising                                      | \$4,000   | \$400   | 6.1%     | \$68  | \$7     | 0.1%     | \$180   | \$30    | 0.3%     | \$0   | \$0     | 0.0%     | \$8   | \$1     | 0.0%     |
| Administrative/Miscellaneous                     | \$7,206   | \$721   | 10.9%    | \$386   | \$39    | 0.5%     | \$1,746   | \$291   | 3.2%     | \$0   | \$0     | 0.0%     | \$235   | \$29    | 0.4%     |
| Maintenance & Repairs                            | \$10,654  | \$1,065 | 16.1%    | \$1,583   | \$158   | 2.2%     | \$11,785  | \$1,964 | 21.5%    | \$9,988   | \$1,249 | 15.4%    | (\$439)   | -\$55   | -0.8%    |
| Utilities  | \$5,464   | \$546   | 8.3%     | \$3,928   | \$393   | 5.5%     | \$3,793   | \$632   | 6.9%     | \$7,327   | \$916   | 11.3%    | \$225   | \$28    | 0.4%     |
| Payroll  | \$0   | \$0     | 0.0%     | \$0   | \$0     | 0.0%     | \$0   | \$0     | 0.0%     | \$0   | \$0     | 0.0%     | \$0   | \$0     | 0.0%     |
| Management Fee                                   | \$4,097   | \$409   | 6.2%     | \$3,108   | \$310   | 4.4%     | \$2,757   | \$459   | 5.0%     | \$0   | \$0     | 0.0%     | \$2,710   | \$338   | 4.9%     |
| SUBTOTAL - VARIABLE                              | \$31,421  | \$3,142 | 47.6%    | \$9,073   | \$907   | 12.8%    | \$20,261  | \$3,377 | 37.0%    | \$17,315  | \$2,164 | 26.7%    | \$2,738   | \$342   | 5.0%     |
| TOTAL FIXED & VARIABLE<br>Expenses as a % of EGI | \$47,279  | \$4,728 | 71.6%    | \$21,001  | \$2,100 | 29.5%    | \$29,508  | \$4,918 | 53.8%    | \$30,289  | \$3,786 | 46.6%    | \$10,144  | \$1,268 | 18.4%    |
| NET OPERATING INCOME                             | \$18,732  | \$1,873 | 28.4%    | \$50,141  | \$5,014 | 70.5%    | \$25,313  | \$4,219 | 46.2%    | \$34,640  | \$4,330 | 53.4%    | \$44,946  | \$5,618 | 81.6%    |

| COMPARABLE<br>LOCATION<br>CAMPUS                 | Comparable 6<br>West Lafayette, IN<br>Purdue University |         |          | Comparable 7<br>West Lafayette, IN<br>Purdue University |         |          | Comparable 8<br>West Lafayette, IN<br>Purdue University |         |          | Comparable 9<br>West Lafayette, IN<br>Purdue University |         |          | Comparable 10<br>West Lafayette, IN<br>Purdue University |         |          |
|--|---|---------|----------|---|---------|----------|---|---------|----------|---|---------|----------|--|---------|----------|
| PERIOD   | 2020 Actual   |         |          | 2020 Actual   |         |          | 2021 Actual   |         |          | 2021 Actual   |         |          | 2021 Actual  |         |          |
| # UNITS  | 3   |         |          | 2   |         |          | 2   |         |          | 2   |         |          | 2  |         |          |
| # BEDS   | 6   |         |          | 6   |         |          | 5   |         |          | 5   |         |          | 6  |         |          |
| RENTABLE AREA (SF)                               | 2,260   |         |          | 1,865   |         |          | 2,640   |         |          | 2,425   |         |          | 2,730  |         |          |
| YEAR BUILT                                       | 1915  |         |          | 1910  |         |          | 1925  |         |          | 1920  |         |          | 1920   |         |          |
| INCOME   | \$  | Per Bed | % of EGI | \$  | Per Bed | % of EGI | \$  | Per Bed | % of EGI | \$  | Per Bed | % of EGI | \$   | Per Bed | % of EGI |
| Rental Income                                    | \$40,050  | \$6,675 | 94.1%    | \$40,837  | \$6,806 | 100.0%   | \$29,400  | \$5,880 | 93.8%    | \$31,605  | \$6,321 | 100.0%   | \$34,200   | \$5,700 | 93.4%    |
| Other Income                                     | \$2,494   | \$416   | 5.9%     | \$13  | \$2     | 0.0%     | \$1,947   | \$389   | 6.2%     | \$0   | \$0     | 0.0%     | \$2,405  | \$401   | 6.6%     |
| TOTAL INCOME                                     | \$42,544  | \$7,091 | 100.0%   | \$40,849  | \$6,808 | 100.0%   | \$31,347  | \$6,269 | 100.0%   | \$31,605  | \$6,321 | 100.0%   | \$36,605   | \$6,101 | 100.0%   |
| FIXED EXPENSES                                   |   |         |          |   |         |          |   |         |          |   |         |          |  |         |          |
| Property Taxes                                   | \$4,494   | \$749   | 10.6%    | \$4,214   | \$702   | 10.3%    | \$4,479   | \$896   | 14.3%    | \$4,889   | \$978   | 15.5%    | \$4,889  | \$815   | 13.4%    |
| Property Insurance                               | \$6,328   | \$1,055 | 14.9%    | \$1,138   | \$190   | 2.8%     | \$979   | \$196   | 3.1%     | \$923   | \$185   | 2.9%     | \$973  | \$162   | 2.7%     |
| SUBTOTAL - FIXED                                 | \$10,823  | \$1,804 | 25.4%    | \$5,352   | \$892   | 13.1%    | \$5,458   | \$1,092 | 17.4%    | \$5,812   | \$1,162 | 18.4%    | \$5,862  | \$977   | 16.0%    |
| VARIABLE EXPENSES                                |   |         |          |   |         |          |   |         |          |   |         |          |  |         |          |
| Advertising                                      | \$45  | \$8     | 0.1%     | \$8   | \$1     | 0.0%     | \$0   | \$0     | 0.0%     | \$0   | \$0     | 0.0%     | \$0  | \$0     | 0.0%     |
| Administrative/Miscellaneous                     | \$245   | \$41    | 0.6%     | \$235   | \$39    | 0.6%     | \$63  | \$13    | 0.2%     | \$32  | \$6     | 0.1%     | \$32   | \$5     | 0.1%     |
| Maintenance & Repairs                            | \$694   | \$116   | 1.6%     | \$485   | \$81    | 1.2%     | \$1,732   | \$346   | 5.5%     | \$1,733   | \$347   | 5.5%     | \$1,733  | \$289   | 4.7%     |
| Utilities  | \$3,254   | \$542   | 7.6%     | \$400   | \$67    | 1.0%     | \$181   | \$36    | 0.6%     | \$277   | \$55    | 0.9%     | \$65   | \$11    | 0.2%     |
| Payroll  | \$0   | \$0     | 0.0%     | \$0   | \$0     | 0.0%     | \$0   | \$0     | 0.0%     | \$0   | \$0     | 0.0%     | \$0  | \$0     | 0.0%     |
| Management Fee                                   | \$1,893   | \$315   | 4.4%     | \$1,783   | \$297   | 4.4%     | \$0   | \$0     | 0.0%     | \$0   | \$0     | 0.0%     | \$0  | \$0     | 0.0%     |
| SUBTOTAL - VARIABLE                              | \$6,131   | \$1,022 | 14.4%    | \$2,911   | \$485   | 7.1%     | \$1,976   | \$395   | 6.3%     | \$2,042   | \$408   | 6.5%     | \$1,830  | \$305   | 5.0%     |
| TOTAL FIXED & VARIABLE<br>Expenses as a % of EGI | \$16,954  | \$2,826 | 39.9%    | \$8,262   | \$1,377 | 20.2%    | \$7,434   | \$1,487 | 23.7%    | \$7,854   | \$1,571 | 24.9%    | \$7,692  | \$1,282 | 21.0%    |
| NET OPERATING INCOME                             | \$25,590  | \$4,265 | 60.1%    | \$32,587  | \$5,431 | 79.8%    | \$23,913  | \$4,783 | 76.3%    | \$23,751  | \$4,750 | 75.1%    | \$28,913   | \$4,819 | 79.0%    |

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| COMPARABLE<br>LOCATION<br>CAMPUS                        | Comparable 11<br>West Lafayette, IN<br>Purdue University |         |          | Comparable 12<br>West Lafayette, IN<br>Purdue University |         |          |
|---|--|---------|----------|--|---------|----------|
| PERIOD  | 2021 Actual  |         |          | 2020 Actual  |         |          |
| # UNITS   | 2  |         |          | 2  |         |          |
| # BEDS  | 5  |         |          | 5  |         |          |
| RENTABLE AREA (SF)                                      | 2,532  |         |          | 1,768  |         |          |
| YEAR BUILT  | 1920   |         |          | 1930   |         |          |
| INCOME  | \$   | Per Bed | % of EGI | \$   | Per Bed | % of EGI |
| Rental Income   | \$28,910   | \$5,782 | 100.0%   | \$36,795   | \$7,359 | 100.0%   |
| Other Income  | \$0  | \$0     | 0.0%     | \$0  | \$0     | 0.0%     |
| TOTAL INCOME  | \$28,910   | \$5,782 | 100.0%   | \$36,795   | \$7,359 | 100.0%   |
| FIXED EXPENSES  |  |         |          |  |         |          |
| Property Taxes  | \$5,048  | \$1,010 | 17.5%    | \$4,422  | \$884   | 12.0%    |
| Property Insurance                                      | \$907  | \$181   | 3.1%     | \$727  | \$145   | 2.0%     |
| SUBTOTAL - FIXED  | \$5,955  | \$1,191 | 20.6%    | \$5,149  | \$1,030 | 14.0%    |
| VARIABLE EXPENSES                                       |  |         |          |  |         |          |
| Advertising   | \$0  | \$0     | 0.0%     | \$8  | \$2     | 0.0%     |
| Administrative/Miscellaneous                            | \$0  | \$0     | 0.0%     | \$232  | \$46    | 0.6%     |
| Maintenance & Repairs                                   | \$1,732  | \$346   | 6.0%     | \$2,588  | \$518   | 7.0%     |
| Utilities   | \$231  | \$46    | 0.8%     | \$475  | \$95    | 1.3%     |
| Payroll   | \$0  | \$0     | 0.0%     | \$0  | \$0     | 0.0%     |
| Management Fee  | \$0  | 0.0%    | 0.0%     | \$1,914  | 5.2%    | 5.2%     |
| SUBTOTAL- VARIABLE                                      | \$1,963  | \$393   | 6.8%     | \$5,217  | \$1,043 | 14.2%    |
| TOTAL FIXED & VARIABLE<br><i>Expenses as a % of EGI</i> | \$7,918  | \$1,584 | 27.4%    | \$10,366   | \$2,073 | 28.2%    |
| NET OPERATING INCOME                                    | \$20,992   | \$4,198 | 72.6%    | \$26,429   | \$5,286 | 71.8%    |

## Tier 4 Minimums, Maximums, and Averages

|   | Per Bed |         |         | % of EGI |        |         |
|---|---------|---------|---------|----------|--------|---------|
| INCOME  | Min     | Max     | Average | Min      | Max    | Average |
| Rental Income   | \$5,700 | \$9,028 | \$6,743 | 92.3%    | 100.0% | 96.8%   |
| Other Income  | \$0     | \$553   | \$223   | 0.0%     | 7.7%   | 3.2%    |
| TOTAL INCOME  | \$5,782 | \$9,137 | \$6,965 | 100.0%   | 100.0% | 100.0%  |
| FIXED EXPENSES  |         |         |         |          |        |         |
| Property Taxes  | \$673   | \$1,324 | \$964   | 9.8%     | 18.3%  | 13.9%   |
| Property Insurance                                      | \$145   | \$1,055 | \$287   | 2.0%     | 14.9%  | 4.1%    |
| SUBTOTAL - FIXED  | \$892   | \$1,804 | \$1,251 | 13.1%    | 25.4%  | 18.0%   |
| VARIABLE EXPENSES                                       |         |         |         |          |        |         |
| Advertising   | \$0     | \$400   | \$37    | 0.0%     | 6.1%   | 0.6%    |
| Administrative/Miscellaneous                            | \$0     | \$721   | \$103   | 0.0%     | 10.9%  | 1.4%    |
| Maintenance & Repairs                                   | (\$55)  | \$1,964 | \$535   | -0.8%    | 21.5%  | 7.2%    |
| Utilities   | \$11    | \$916   | \$281   | 0.2%     | 11.3%  | 3.7%    |
| Payroll   | \$0     | \$0     | \$0     | 0.0%     | 0.0%   | 0.0%    |
| Management Fee  | 0.0%    | 6.2%    | 2.9%    | 0.0%     | 6.2%   | 2.9%    |
| SUBTOTAL- VARIABLE                                      | \$305   | \$3,377 | \$1,165 | 5.0%     | 47.6%  | 15.8%   |
| TOTAL FIXED & VARIABLE<br><i>Expenses as a % of EGI</i> | \$1,268 | \$4,918 | \$2,417 | 18.4%    | 71.6%  | 33.8%   |
| NET OPERATING INCOME                                    | \$1,873 | \$5,618 | \$4,549 | 28.4%    | 81.6%  | 66.2%   |

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## Reconciliation of Market Norms

The market norms are reconciled as described below. It is noted that Comparables 1-4 are considered the most credible as these have 6 or more units while the remaining comparables are either 2 or 3 units. It is observed that some expenses are sometimes not applied by the ownership for smaller properties, so the smaller comparables are likely understated compared to the typical Tier 4 development.

| Item                    | Per Bed | Comment   |
|-------------------------|---------|---|
| Other Income            | \$300   | The whole sample indicates an average of \$223 per bed while the most credible comparables indicate an average of \$366 per bed, so an expense between these is reconciled.   |
| Real Estate Taxes       |         | Given the intended use is for tax assessment purposes, a market norm will not be reconciled. Rather, the tax expense as a % of EGI is analyzed. Similar to Tier 3, all Tier 4 comparables are local and campus-proximate. Again, the comparables indicate a much tighter range of 9.8% to 18.3% with an average of 13.9%. The distribution of values across this range appears relatively even with no outliers noted. This range is therefore considered most credible for Tier 4. |
| Insurance               | \$300   | The whole sample indicates an average of \$287 per bed while the most credible comparables indicate an average of \$269 per bed, so an expense near these is reconciled.  |
| Advertising & Marketing | \$30    | The whole sample indicates a wide range with an average of \$37, but Comparable 1 appears as a high outlier and many of the comparables do not indicate any allocation, although this would likely be applied in a market scenario. Comparable 3 indicates an expense of \$30 per bed which is considered most credible.  |
| Administrative & Misc.  | \$100   | The whole sample indicates an average of \$103 per bed. Comparable 1 appears as a high outlier, while the most credible comparables indicate an average of \$88. An expense near these averages is reconciled.  |
| Repairs & Maintenance   | \$800   | The whole sample indicates an average of \$535 per bed while the most credible comparables indicate an average of \$1,109 per bed, a significant difference. An expense between these is considered reasonable and will be reconciled.  |
| Utilities               | \$620   | The whole sample indicates an average of \$281 per bed while the most credible comparables indicate an average of \$622 per bed, a significant difference. The expenses among the most credible set are weighted more in the reconciliation.  |

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|                |       |  |
|----------------|-------|--|
| Payroll        | \$0   | None of the comparables indicated a payroll expense. Based on the market, whether payroll expense is applied is a product of the property scope. The typical Tier 4 development is not large enough to warrant a payroll expense so no expense is applied.   |
| Management Fee | 5.0%  | Several of the comparables do not indicate management expenses but this would be considered applicable in a market scenario. The most credible comparables indicate an expense near 5.0% which is reconciled.  |
| Expense Ratio  | ~ 43% | The comparables vary widely. The whole sample indicates an average of 33.8% with Comparable 1 appearing as a high outlier. The most credible comparables indicate an average of 42.5%. It is reiterated that some expenses are sometimes not applied by the ownership for smaller properties (1-4 units), so the smaller comparables are likely understated. An expense ratio of approximately 43% is reconciled as a market norm. |

## Income and Expense Market Norm Summary

Shown below is a summary of the income and expense market norms reconciled herein.

| PROPERTY TIER                | Tier 1B                     |            | Tier 2             |          | Tier 3                        |          | Tier 4           |          |
|------------------------------|-----------------------------|------------|--------------------|----------|-------------------------------|----------|------------------|----------|
|                              | Per SF                      | Per Bed    | Per SF             | Per Bed  | Per SF                        | Per Bed  | Per SF           | Per Bed  |
| INCOME                       |                             |            |                    |          |                               |          |                  |          |
| Rental Income                | -                           | -          | -                  | -        | -                             | -        | -                | -        |
| Other Income                 | \$0.90                      | \$500.00   | \$0.50             | \$300.00 | -                             | \$250.00 | -                | \$300.00 |
| TOTAL INCOME                 | -                           | -          | -                  | -        | -                             | -        | -                | -        |
| FIXED EXPENSES               |                             |            |                    |          |                               |          |                  |          |
| Property Taxes               | Similar to Tier 2 or higher |            | ~17.5% - 30.8% EGI |          | Low half of 11.2% - 22.0% EGI |          | 9.8% - 18.3% EGI |          |
| Property Insurance           | \$0.50                      | \$300.00   | \$0.60             | \$300.00 | -                             | \$200.00 | -                | \$300.00 |
| SUBTOTAL - FIXED             | -                           | -          | -                  | -        | -                             | -        | -                | -        |
| VARIABLE EXPENSES            |                             |            |                    |          |                               |          |                  |          |
| Advertising                  | \$0.40                      | \$250.00   | \$0.15             | \$60.00  | -                             | \$50.00  | -                | \$30.00  |
| Administrative/Miscellaneous | \$0.60                      | \$350.00   | \$0.15             | \$60.00  | -                             | \$150.00 | -                | \$100.00 |
| Maintenance & Repairs        | \$1.30                      | \$800.00   | \$1.40             | \$750.00 | -                             | \$500.00 | -                | \$800.00 |
| Utilities                    | \$1.20                      | \$700.00   | \$0.90             | \$450.00 | -                             | \$320.00 | -                | \$620.00 |
| Payroll                      | \$1.60                      | \$1,000.00 | \$0.00             | \$0.00   | -                             | \$0.00   | -                | \$0.00   |
| Management Fee               |                             | 5.0%       |                    | 5.0%     |                               | 7.0%     |                  | 5.0%     |
| EXPENSE RATIO                |                             | ~ 37%      |                    | ~ 45%    |                               | ~ 43%    |                  | ~ 43%    |



## CAPITALIZATION RATE ANALYSIS

The capitalization rates for the defined property tiers will be analyzed next, followed by establishment of market norms.

### Tier 1B

| # | Name                | Address              | Location           | Campus             | # Units | # Beds | SF      | Year Built | Sale Date | OAR        |
|---|---------------------|----------------------|--------------------|--------------------|---------|--------|---------|------------|-----------|------------|
| 1 | Wabash Landing      | 325 Brown Street     | West Lafayette, IN | Purdue University  | 206     | 262    | 140,212 | 2001/2019  | Aug-22    | 2.50%      |
| 2 | Ivy Towns and Flats | 1900 Foxglove Way    | West Lafayette, IN | Purdue University  | 266     | 488    | 257,011 | 2014       | Jun-22    | 4.50%      |
| 3 | 3Square             | 916 N College Avenue | Bloomington, IN    | Indiana University | 97      | 97     | 29,828  | 2020       | Dec-21    | 4.66%      |
| 4 | The Marq            | 101 N Main Street    | Lafayette, IN      | Purdue University  | 99      | 122    | 110,075 | 2018       | Oct-21    | 4.00%      |
| 5 | Echo Park           | 2780 S Walnut Street | Bloomington, IN    | Indiana University | 143     | 220    | 114,723 | 2017       | Feb-20    | 5.85%      |
| 6 | The Annex on 10th   | 1717 W 10th Street   | Indianapolis, IN   | IUPUI              | 107     | 256    | 88,310  | 2017       | Feb-19    | 5.97%      |
|   |                     |                      |                    |                    |         |        |         |            |           | Min. 2.50% |
|   |                     |                      |                    |                    |         |        |         |            |           | Max. 5.97% |
|   |                     |                      |                    |                    |         |        |         |            |           | Avg. 4.58% |

The capitalization rates for the Tier 1B property group indicate a range of 2.50% to 5.97% with an average of 4.58%. It is noted that Wabash Landing Phase I was originally constructed in 2001 and that phase featured vintage finishes at the time of sale, so the low cap rate likely reflects upside potential for the buyer in updating these units. Additionally, the oldest two sales indicate capitalization rates well above the most recent ones. The most credible three sales indicate a range of 4.00% to 4.66% with an average of 4.39%. It is also noted that according to investor surveys, overall capitalization rates for 1<sup>st</sup> tier student housing and apartment properties have increased by 10 to 47 basis points in the last year, which is factored into the reconciliation. Ultimately, a capitalization rate range of 4.50% to 4.75% is reconciled as a market norm for Tier 1B, as shown below.

| Tier    | Capitalization Rate Market Norm |       |
|---------|---------------------------------|-------|
| Tier 1B | 4.50%                           | 4.75% |

### Tier 2

| # | Name                  | Address                | Location           | Campus                | # Units | # Beds | SF      | Year Built | Sale Date | OAR        |
|---|-----------------------|------------------------|--------------------|-----------------------|---------|--------|---------|------------|-----------|------------|
| 1 | Railway Manor         | 913 N College Avenue   | Bloomington, IN    | Indiana University    | 32      | 46     | 23,654  | 1995       | Sep-22    | 4.91%      |
| 2 | Campus Edge Townhomes | 2611 N Walnut Street   | Bloomington, IN    | Indiana University    | 14      | 42     | 20,348  | 1997       | Mar-22    | 5.46%      |
| 3 | Woods Edge            | 4700 W Woods Edge Lane | Muncie, IN         | Ball State University | 112     | 240    | 111,168 | 1996       | Nov-21    | 5.92%      |
| 4 | Park Place            | 440 S Chauncey Avenue  | West Lafayette, IN | Purdue University     | 23      | 51     | 24,324  | 2010       | Jun-21    | 5.34%      |
| 5 | Anthrop Pointe        | 1105 Anthrop Drive     | West Lafayette, IN | Purdue University     | 20      | 76     | 32,946  | 2007       | Jul-18    | 5.00%      |
|   |                       |                        |                    |                       |         |        |         |            |           | Min. 4.91% |
|   |                       |                        |                    |                       |         |        |         |            |           | Max. 5.92% |
|   |                       |                        |                    |                       |         |        |         |            |           | Avg. 5.33% |

The capitalization rates for the Tier 2 property group indicate a range of 4.91% to 5.92% with an average of 5.33%. Comparables 1, 4, and 5 are considered to be the most representative Tier 2 developments in location, quality, and scope, and these indicate an average of 5.08%. It is also noted that according to investor surveys, overall capitalization rates for 1<sup>st</sup> tier student housing and apartment properties have increased by 10 to 47 basis points in the last year, which is factored into the reconciliation of market norms. A capitalization rate range of 5.00% to 5.25% is reconciled as a market norm for Tier 2, as shown below.

| Tier   | Capitalization Rate Market Norm |       |
|--------|---------------------------------|-------|
| Tier 2 | 5.00%                           | 5.25% |

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**Tier 3**

| # | Name                       | Address                   | Location           | Campus            | # Units | # Beds | SF     | Year Built  | Sale Date | OAR   |
|---|----------------------------|---------------------------|--------------------|-------------------|---------|--------|--------|-------------|-----------|-------|
| 1 | Howler & Bowler Apartments | 215 & 207 W Fowler Avenue | West Lafayette, IN | Purdue University | 11      | 30     | 9,500  | 1985 & 1920 | Jun-22    | 4.82% |
| 2 | 217 Sheetz                 | 217 Sheetz Street         | West Lafayette, IN | Purdue University | 21      | 45     | 16,700 | 1991        | Feb-22    | 5.44% |
| 3 | 414-422 Vine Street        | 414-422 Vine Street       | West Lafayette, IN | Purdue University | 16      | 46     | 15,190 | 1965/1989   | Jun-21    | 5.50% |
| 4 | Southfork Apartments       | 314 S Chauncey Avenue     | West Lafayette, IN | Purdue University | 23      | 92     | 20,930 | 1987        | May-21    | 5.00% |
| 5 | Waterford Place            | 400 S Grant Street        | West Lafayette, IN | Purdue University | 22      | 43     | 13,990 | 1987        | May-21    | 5.22% |
| 6 | Woodcrest Apartments       | 102 W Wood Street         | West Lafayette, IN | Purdue University | 16      | 36     | 14,460 | 1989        | Feb-21    | 5.60% |
| 7 | Stratford II               | 305 N Salisbury Street    | West Lafayette, IN | Purdue University | 16      | 63     | 16,930 | 1987        | Dec-20    | 5.60% |
|   |                            |                           |                    |                   |         |        |        |             | Min.      | 4.82% |
|   |                            |                           |                    |                   |         |        |        |             | Max.      | 5.60% |
|   |                            |                           |                    |                   |         |        |        |             | Avg.      | 5.31% |

The capitalization rates for the Tier 3 property group indicate a range of 4.82% to 5.60% with an average of 5.31%. It is noted that the two oldest sales indicate the highest rates at 5.60%. Otherwise, the range is relatively tight. It is also noted that according to investor surveys, overall capitalization rates for 1<sup>st</sup> and 2<sup>nd</sup> tier student housing and apartment properties have increased by 10 to 50 basis points in the last year, which is factored into the reconciliation. A capitalization rate range of 5.25% to 5.50% is reconciled as a market norm for Tier 3, as shown below.

| Tier   | Capitalization Rate Market Norm |       |
|--------|---------------------------------|-------|
| Tier 3 | 5.25%                           | 5.50% |

**Tier 4**

| # | Name  | Address                                     | Location           | Campus            | # Units | # Beds | SF     | Year Built  | Sale Date | OAR   |
|---|---|---|--------------------|-------------------|---------|--------|--------|-------------|-----------|-------|
| 1 | 106, 115, 119 Lutz Ave & 424 N Salisbury St | 106, 115, 119 Lutz Ave & 424 N Salisbury St | West Lafayette, IN | Purdue University | 8       | 21     | 10,327 | 1920-1925   | Aug-22    | 7.17% |
| 2 | 106 Lutz Avenue                             | 106 Lutz Avenue                             | West Lafayette, IN | Purdue University | 2       | 5      | 2,640  | 1925        | Aug-22    | 7.25% |
| 3 | 115 Lutz Avenue                             | 115 Lutz Avenue                             | West Lafayette, IN | Purdue University | 2       | 5      | 2,425  | 1920        | Aug-22    | 7.20% |
| 4 | 119 Lutz Avenue                             | 119 Lutz Avenue                             | West Lafayette, IN | Purdue University | 2       | 6      | 2,730  | 1920        | Aug-22    | 8.50% |
| 5 | 424 N Salisbury Street                      | 424 N Salisbury Street                      | West Lafayette, IN | Purdue University | 2       | 5      | 2,532  | 1920        | Aug-22    | 5.83% |
| 6 | Howler & Bowler Apartments                  | 215 & 207 W Fowler Avenue                   | West Lafayette, IN | Purdue University | 11      | 30     | 9,500  | 1985 & 1920 | Jun-22    | 4.82% |
|   |   |   |                    |                   |         |        |        |             | Min.      | 4.82% |
|   |   |   |                    |                   |         |        |        |             | Max.      | 8.50% |
|   |   |   |                    |                   |         |        |        |             | Avg.      | 6.80% |

The capitalization rates for the Tier 4 property group indicate a range of 4.82% to 8.50% with an average of 6.80%. Comparable 1 is the sale of four 2-unit rental buildings while Comparables 2-5 are the individual capitalization rates for each property. Both the portfolio sale and individual sales are considered credible for purposes of this analysis. Comparable 6 is the sale of a similarly dated 1920s construction multi-family rental along with a larger 1980s multi-family building, which indicates a capitalization rate of 4.82%. The range of 4.82% to 8.50% encompasses these sales and is fairly wide. Both indicators are considered credible and will be weighted in this analysis. It is also noted that according to investor surveys, overall capitalization rates for 1<sup>st</sup> and 2<sup>nd</sup> tier student housing and apartment properties have increased by 10 to 50 basis points in the last year, which is factored into the reconciliation. A capitalization rate range of 6.25% to 6.50% is reconciled as a market norm for Tier 4, as shown below.

| Tier   | Capitalization Rate Market Norm |       |
|--------|---------------------------------|-------|
| Tier 4 | 6.25%                           | 6.50% |

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**SUMMARY OF CONCLUDED MARKET NORMS****Income and Expense Market Norm Summary**

Shown below is a summary of the income and expense market norms reconciled herein.

| <b>PROPERTY TIER</b>         | <b>Tier 1B</b>              |            | <b>Tier 2</b>      |          | <b>Tier 3</b>                 |          | <b>Tier 4</b>    |          |
|------------------------------|-----------------------------|------------|--------------------|----------|-------------------------------|----------|------------------|----------|
|                              | Per SF                      | Per Bed    | Per SF             | Per Bed  | Per SF                        | Per Bed  | Per SF           | Per Bed  |
| <b>INCOME</b>                |                             |            |                    |          |                               |          |                  |          |
| Rental Income                | -                           | -          | -                  | -        | -                             | -        | -                | -        |
| Other Income                 | \$0.90                      | \$500.00   | \$0.50             | \$300.00 | -                             | \$250.00 | -                | \$300.00 |
| <b>TOTAL INCOME</b>          | -                           | -          | -                  | -        | -                             | -        | -                | -        |
| <b>FIXED EXPENSES</b>        |                             |            |                    |          |                               |          |                  |          |
| Property Taxes               | Similar to Tier 2 or higher |            | ~17.5% - 30.8% EGI |          | Low half of 11.2% - 22.0% EGI |          | 9.8% - 18.3% EGI |          |
| Property Insurance           | \$0.50                      | \$300.00   | \$0.60             | \$300.00 | -                             | \$200.00 | -                | \$300.00 |
| <b>SUBTOTAL - FIXED</b>      | -                           | -          | -                  | -        | -                             | -        | -                | -        |
| <b>VARIABLE EXPENSES</b>     |                             |            |                    |          |                               |          |                  |          |
| Advertising                  | \$0.40                      | \$250.00   | \$0.15             | \$60.00  | -                             | \$50.00  | -                | \$30.00  |
| Administrative/Miscellaneous | \$0.60                      | \$350.00   | \$0.15             | \$60.00  | -                             | \$150.00 | -                | \$100.00 |
| Maintenance & Repairs        | \$1.30                      | \$800.00   | \$1.40             | \$750.00 | -                             | \$500.00 | -                | \$800.00 |
| Utilities                    | \$1.20                      | \$700.00   | \$0.90             | \$450.00 | -                             | \$320.00 | -                | \$620.00 |
| Payroll                      | \$1.60                      | \$1,000.00 | \$0.00             | \$0.00   | -                             | \$0.00   | -                | \$0.00   |
| Management Fee               |                             | 5.0%       |                    | 5.0%     |                               | 7.0%     |                  | 5.0%     |
| <b>EXPENSE RATIO</b>         |                             | ~ 37%      |                    | ~ 45%    |                               | ~ 43%    |                  | ~ 43%    |

**Capitalization Rate Market Norm Summary**

Shown below is a summary of the capitalization rate market norms reconciled herein.

| <b>Tier</b> | <b>Capitalization Rate Market Norm</b> |       |
|-------------|--|-------|
| Tier 1B     | 4.50%                                  | 4.75% |
| Tier 2      | 5.00%                                  | 5.25% |
| Tier 3      | 5.25%                                  | 5.50% |
| Tier 4      | 6.25%                                  | 6.50% |

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## ASSUMPTIONS AND LIMITING CONDITIONS

The certification of the appraiser appearing in this appraisal assignment is subject to the following assumptions and to such other specific and limiting conditions as are set forth by the appraiser on the assignment.

- No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
- Responsible ownership and competent property management are assumed.
- The prospective value(s) in this appraisal (if applicable) was developed under the market conditions existing at the time of the “As Is” date of value. The appraiser cannot be held responsible for unforeseeable events that alter market conditions prior to the prospective effective date of value.
- All engineering is assumed to be correct. The sketch, photos, site plans, and/or surveys used in this assignment are included to assist the reader in visualizing the subject property, and the Appraiser assumes no responsibility for their accuracy. The Appraiser has made no survey of the property.
- The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
- It is assumed that there are no hidden or unapparent conditions of the property, subsoil or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover such factors.
- It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in this appraisal assignment.
- It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal assignment.
- It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value opinion contained in this assignment is based.
- It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in this assignment.
- The Appraiser, by reason of this appraisal assignment, is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question, unless arrangements have been previously made.
- The distribution, if any, of the total valuation in this assignment between land and improvements applies only under the stated program of utilization. The separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
- Possession of this assignment, or a copy thereof, does not carry with it the right of publication.
- Unless otherwise stated in this assignment, the existence of hazardous material, which may or may not be present on the property, was not knowingly observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value opinion is predicated on the assumption that there is no such material on or in the property (the entire subject site and all improvements located thereon) that would cause a loss in value. No responsibility is assumed for any such loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

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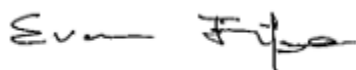
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- Neither all nor any part of the contents of this assignment (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval of the appraiser.
- Disclosure by the Appraiser of the contents of this Appraisal assignment is subject to review in the professional appraisal organizations with which the Appraiser is affiliated.
- Privacy Notice: If this valuation assignment is being done for a bank or other financial institution subject to Gramm-Leach-Bliley, the Privacy Policy of the bank or institution prevails. In other cases, the following Privacy Notice applies: This notice pertains to our privacy principles: We are committed to protecting our clients' personal financial information. In the course of providing our clients with valuation services, we may need to collect and maintain certain nonpublic personal information. Information about our privacy policies and practices, and describing what nonpublic personal information we collect, what we do with it, and how we protect it, is available upon your request. How you may obtain our privacy statement: You may obtain our privacy statement by contacting us at 317-631-8478 or by submitting a written request to our office. You may limit information shared about you: It is important to note that this valuation work has been prepared under the Uniform Standards of Professional Appraisal Practice (USPAP) and as such is subject to the Ethics Rule regarding confidentiality. Under this rule, "An appraiser must protect the confidential nature of the appraiser-client relationship". Therefore, the sharing of this confidential information provided to us is automatically limited under the Ethics Rule. However, if you prefer to have duplicate limits placed on such information, you may opt out of any potential disclosures to third parties as follows: contact us at 317-631-8478 to request an opt out form.
- Neither all nor any part of the contents of this assignment, or copy thereof (conclusion as to property value, the identity of the Appraiser, professional appraisal organizations, or the firm with which he/she is connected) shall be used for any purposes by anyone but the client or its assigns and Private Mortgage Insurers, consultants, professional appraisal organizations, any state or federally chartered bank, any department, agency or instrumentality of the United States or of any State or of the District of Columbia, without the previous written consent of the Appraiser, except under demand by the Mortgagor; nor shall it be conveyed by anyone to the public through advertising media, public relations media, new media, sales media, or any other public means of communication without the prior written consent and approval of the Appraiser. Furthermore, the appraiser or firm assumes no obligation, liability, or accountability to any third party.
- Any value opinions provided in the assignment apply to the entire property, and any proration or division of the total into fractional interests will invalidate the value opinion, unless such proration or division of interests has been set forth in the assignment.
- On all appraisals subject to satisfactory completion, repairs or alterations, the appraisal assignment and value conclusion are contingent upon completion of the improvements in a skillful manner.
- The Americans with Disabilities Act ("ADA") became effective January 26, 1992 (with revisions effective March 15, 2011). I (we) have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since I (we) have no direct evidence relating to this issue, I (we) did not consider possible noncompliance with the requirements of ADA in valuing the property.

**CERTIFICATION**

The appraisers certify and agree that:

- As of the date of this report, York Pollert has completed the continuing education program for Designated Members of the Appraisal Institute.
- All statements of facts and information included in this assignment are true and correct to the best of the Appraiser's knowledge and belief, and the Appraiser has not knowingly withheld any significant information.
- The analyses, opinions, and conclusions in the analysis are limited only by the assumptions and limiting conditions set forth, and are the personal, impartial, and unbiased professional analyses, opinions, and conclusions of the appraiser.
- The appraiser has no present or prospective interest in the subject property and has no personal interest with respect to the parties involved.
- The appraiser has no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- The engagement of this assignment was not contingent upon developing or reporting predetermined results.
- The appraiser's compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this assignment.
- The assignment was not based on a requested minimum or maximum valuation, a specific valuation, or the approval of a loan.
- The appraiser's analyses, opinions, and conclusions have been developed, and this assignment has been prepared, in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- All conclusions and opinions concerning the real estate that are set forth in the assignment were prepared by the Appraiser whose signature appears on this appraisal assignment, unless indicated as "Review Appraiser". No change of any item of the report shall be made by anyone other than the Appraiser and the Appraiser shall have no responsibility for any such unauthorized change.
- No one provided significant professional assistance to the person(s) signing this certification.



2/3/2023

Evan Fife  
Real Property Analyst  
Don R. Scheidt & Co., Inc.  
Indiana Certified General Appraiser  
License #CG41600018 (exp. June 30, 2024)  
Inspected the subject (exterior only)



2/3/2023

York Pollert, MAI  
Principal, Director of Lafayette Operations  
Don R. Scheidt & Co., Inc.  
Indiana Certified General Appraiser  
License #CG41001287 (exp. June 30, 2024)  
Did not inspect the subject

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## QUALIFICATIONS

### York L. Pollert

2 Executive Drive, Suite C  
Lafayette, IN 47905  
(765)447-1075 Ext. 201  
Email: ypollert@donrscheidt.com

### LICENSED:

Indiana Certified General Appraiser  
License #CG41001287, Expires 6/30/2024

Michigan Certified General Appraiser  
License #1201075516, Expires 7/31/2024

Illinois Certified General Appraiser  
License #553.002744, Expires 9/30/2021

Real Estate Broker, State of Indiana  
License # RB14035037, Expires 6/30/2023

### PROFESSIONAL DESIGNATIONS:

MAI – Appraisal Institute, Member Number 484751

### PROFESSIONAL AFFILIATIONS:

Member, Lafayette Regional Association of Realtors

Member, Metropolitan Indianapolis Board of Realtors

Member, Indiana Associations of Realtors

Member, National Association of Realtors

### EDUCATION:

Bachelor of Arts in Business Administration, 2005, Ball State  
University, Miller College of Business

### APPRAISAL COURSE WORK / SEMINARS:

Basic Appraisal Principles  
Appraisal Institute, June 2006  
Basic Appraisal Procedures  
Appraisal Institute, June 2006  
Residential Market Analysis and Highest and Best Use  
Appraisal Institute, June 2006  
15 Hour National USPAP Course  
Appraisal Institute, June 2006  
Subdivision Valuation: A Comprehensive Guide to Valuing Improved  
Subdivisions, Appraisal Institute, January 2007  
General Appraiser Income Approach Part I  
Appraisal Institute, October 2007  
General Appraiser Income Approach Part II  
Appraisal Institute, February 2008  
General Appraiser Site Valuation and Cost Approach  
Appraisal Institute, May 2008  
General Appraiser Sales Comparison Approach  
Appraisal Institute, November 2008  
The Real Implications of the HVCC on Appraisers and Lenders  
Appraisal Institute, January 2009

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Introducing Valuation for Financial Reporting  
 Appraisal Institute, April 2009  
 General Appraiser Market Analysis and Highest and Best Use  
 Appraisal Institute, May 2009  
 General Appraiser Report Writing and Case Studies  
 Appraisal Institute, June 2009  
 Business Practices and Ethics  
 Appraisal Institute, September 2009  
 Real Estate Finance Statistics and Valuation Modeling  
 Appraisal Institute, March 2010  
 Apartment Appraisal, Concepts and Applications  
 Appraisal Institute, April 2010  
 Advanced Income Capitalization  
 Appraisal Institute, February 2012  
 Analyzing Distressed Real Estate  
 Appraisal Institute, April 2012  
 Advanced Concepts and Case Studies  
 Appraisal Institute, July 2012  
 Indiana Appraiser Trainee Supervisor Course  
 Education Resource, LLC, June 2013  
 Leasehold Valuations for the Appraisal Professional  
 Appraisal Institute, November 2013  
 Small Hotel / Motel Valuation – Online  
 Appraisal Institute, February 2016  
 Comparative Analysis – Online  
 Appraisal Institute, July 2017  
 Analyzing Operating Expenses – Online  
 Appraisal Institute, July 2017  
 Appraising Convenience Stores – Online  
 Appraisal Institute, June 2019  
 Appraisal of Medical Office Buildings – Online  
 Appraisal Institute, June 2019  
 The Appraiser as an Expert Witness – Prep and Testimony  
 Appraisal Institute, August 2019  
 Appraising Automobile Dealerships – Online  
 Appraisal Institute, July 2021  
 Rates and Ratios: Making Sense of GIMs, OAR, and DCF – Online  
 Appraisal Institute, December 2021

#### **REAL ESTATE EXPERIENCE:**

A Principal and Director of Lafayette Operations of Don R. Scheidt & Co., Inc., joined the company in 2006. Responsibilities include supervising the Lafayette office commercial appraisal workload, managing the office, negotiating appraisal fees and contracts, scheduling staff workload, training new employees and marketing of the company's services. Experience includes consultation and valuation of various property types including industrial properties, multi-family residential properties, office properties, retail shopping centers, existing and proposed hotels, net-lease properties, single family and mixed-use subdivisions, land and mixed-use properties.

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## QUALIFICATIONS

### Evan Fife

2 Executive Drive, Suite C  
Lafayette, IN 47905  
(765) 447-1075 Ext. 204  
efife@donrscheidt.com

## LICENSED

Indiana Certified General Appraiser  
License #CG41600018, expires 6/30/2024

## EDUCATION

Purdue University, Krannert School of Management  
Bachelor of Science in Management

## APPRAISAL COURSES

Through Appraisal Institute,

- Basic Appraisal Principles
- Basic Appraisal Procedures
- 15-Hour National USPAP Course
- Real Estate Finance, Statistics, and Valuation Modeling
- General Appraiser Site Valuation and Cost Approach
- General Appraiser Sales Comparison Approach
- General Appraiser Income Approach Pt. 1
- General Appraiser Income Approach Pt. II
- General Appraiser Market Analysis and Highest & Best Use
- General Appraiser Report Writing and Case Studies

Through McKissock,

- Residential Sales Comparison and Income Approaches
- Appraisal of Land Subject to Ground Leases
- Appraisal of Fast Food Facilities
- Appraisal of Owner-Occupied Commercial Properties
- Complex Properties: The Odd Side of Appraisal
- Introduction to Commercial Appraisal Review
- The Basics of Expert Witness for Commercial Appraisers
- Appraisal of Self-Storage Facilities
- Appraisal of Industrial and Flex Buildings
- Residential Construction and the Appraiser

## PROFESSIONAL EXPERIENCE

Don R. Scheidt & Co., Inc., Lafayette, Indiana  
Commercial Real Estate Appraiser, June 2013 - July 2018, January 2019 - present

Praedium Valuation Group, Chicago, Illinois  
Commercial Real Estate Appraiser, July 2018 - December 2018

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**LICENSES**

Indiana Professional Licensing Agency  
Real Estate Appraiser Licensure Board  
402 W. Washington Street, W072  
Indianapolis, IN 46204

**Certified General Appraiser**

| License Number | Expire Date |
|----------------|-------------|
| CG41001287     | 06/30/2022  |

York L. Pollert

Eric J. Holcomb  
Governor  
State of Indiana

Deborah J. Frye  
Executive Director  
Indiana Professional Licensing Agency



Indiana Professional Licensing Agency  
Real Estate Appraiser Licensure Board  
402 W. Washington Street, W072  
Indianapolis, IN 46204

**Certified General Appraiser**

| License Number | Expire Date |
|----------------|-------------|
| CG41600018     | 06/30/2024  |

Evan R. Fife

Eric J. Holcomb  
Governor  
State of Indiana

Deborah J. Frye  
Executive Director  
Indiana Professional Licensing Agency

**Don R. Scheidt & Company, Inc.**

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## **ADDENDA**

### **Engagement Letter**

## ENGAGEMENT LETTER



November 17, 2022

Eric Grossman, Assessor  
Tippecanoe County Assessor's Office  
20 N 3<sup>rd</sup> Street  
Lafayette, IN 47901

**RE: Student Housing Market Analysis and Appraisals:** The requested "Prospective" Market Capitalization Rate and Expense Study as well as the Market Value In Use of the subject properties, four student housing properties identified below within West Lafayette, Tippecanoe County Indiana.

1. Hi-Vine – 302 Vine Street, West Lafayette, IN
2. State Street Towers – 133 E. State Street, West Lafayette, IN
3. Stradford Place – 305 N. Salisbury Street, West Lafayette, IN
4. 427 N Chauncey Avenue, West Lafayette, IN

Dear Mr. Grossman,

Thank you for requesting our services with regard to the market studies and valuation of the above referenced properties. We understand the appraisal assignment is to provide a market study focused on a cap rate study and expense study for the four tiers of student housing properties as defined within previous email correspondence, as well as our opinion of the "Prospective" Market Value In Use of the subject properties as of the effective dates of value of January 1, 2023.

The assignment will consist of five reports. The capitalization rate and expense study will be within one report, and the four properties will be valued within four separate appraisal reports. The intended use of the appraisal is for research purposes in conjunction with maintaining accurate assessment models. This assignment is to be completed in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation and the Standards of Professional Practice of the Appraisal Institute. The appraisals may not be used or relied upon by anyone other than the intended user(s).

The estimated delivery date of all of these reports will be on or before December 30, 2022. This assumes that we receive the executed engagement letter by Friday November 18, 2022.

The scope of the capitalization rate and expense study will include the following: 1). defining the four tiers of student housing; 2). research of capitalization rate comparables and expense comparables via in house documentation, conversation with market participants, and other appropriate documentation and; 3). the organization of this information along the defined tiers of student housing and the reconciliation of appropriate market norms.

Don R. Scheidt & Co., Inc.  
6201 Corporate Drive, Suite 150, Indianapolis, Indiana 46278-2902 / (317) 631-8478 / Fax (317) 687-8286  
2 Executive Drive, Suite C, Lafayette, Indiana 47905-4878 / (765) 447-1075 / Fax (765) 447-3408  
2204 Illinois Avenue, Columbus, Indiana 47201-7012 / (812) 372-8478 / Fax (812) 372-4048  
Internet Home Page: [www.donscheidt.com](http://www.donscheidt.com)

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The scope of the valuation assignments will include the following: 1). collection of factual data on the subject properties and available comparables; 2). analysis of the highest and best use of the subject properties and research appropriate to the intended use; 3). application of the appropriate approach(es) to value for the appropriate analyses and; 4). the completion of four appraisal reports using the information from the previous steps. The assignment will be subject to the Assumptions and Limiting Conditions that will be included in each appraisal report.

To provide the reports as indicated above, the total fee will be [ ] including all expenses such as travel, long distance phone calls, facsimiles, express mail, etc. The balance of the fee will be due upon completion of the assignment. Any delay in the payment of the fee beyond 30-days will carry an eighteen percent (18%) charge on the unpaid balance plus any legal and/or all other costs incurred in the collection of said fees. The aforementioned fee will include an electronic copy of each report. Any additional copies of the report are available for an additional fee. The appraisal assignment will be subject to the Assumptions and Limiting Conditions, which will be included in the appraisal report.

This fee is subject to change if the scope of the assignment is modified. This fee also does not include any additional time that may be required of York Pollert, MAI; or any associate, for conference calls, follow up office meetings, hearings, court testimony, or any modifications to the report due to any changes in the property (physical, financial or otherwise) after the report has been completed. If you or anyone else requests such time, an additional fee will be incurred at the current hourly rate as of the date of the request. The current hourly rate as of the date of this letter is \$300.00 for York Pollert, MAI or any other MAI designated appraiser; and \$190.00 - \$230.00 for any associates not designated by the Appraisal Institute.

If we have properly outlined the assignment and you agree to the terms and conditions stated above, please sign where indicated below, date your signature, and return one copy to me. Please keep your signed copy for your files. Please direct any questions regarding this assignment to York Pollert or Evan Fife at (765) 447-1075 ext. 201 and (219) 798-3524 respectively.

Respectfully Submitted,

  
York Pollert, MAI  
Principal, Director of Lafayette Operations  
Don R. Scheidt & Co., Inc.  
(765) 447-1075 phone  
ypollert@donrscheidt.com

Eric Grossman - Tippecanoe County Assessor

Client (name printed)

11/21/2022

Date



Client Signature

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